

Homebuyer Program

(Oregon State Bond Program)

Program Factsheet

Program Overview

OHCS is Oregon's "State Housing Finance Agency." The Department periodically issues mortgage revenue bonds to fund lower than market interest rate mortgage loans for homebuyers in Oregon. OHCS helps households in Oregon buy their first home by providing below-market rate financing and cash assistance through our Residential Loan Program, also known as the "Oregon Bond Loan". The program's below-market rate helps eligible families increase their home purchasing power and lower their monthly house payments to be affordable.

Two loan options are available to eligible borrowers with a choice between cash to close or obtaining our best interest rate:

1. **Cash Advantage Home Loan option**

Borrowers will get a low fixed interest rate on their home loan along with cash assistance equal to 3% of their loan amount. The cash assistance will help reduce the total cash they need to close the loan.

2. **Rate Advantage Home Loan option**

Eligible borrowers will get the lowest fixed rate possible to maximize their home purchasing power.

Regardless of which pricing option they choose, the eligibility and program requirements are the same.

How to Apply

To apply, simply contact a participating lender listed on our website at: <http://www.oregonbond.us>. A participating lender can assist you in getting pre-qualified.

Eligible Borrowers and Income

The eligible income levels for qualifying for this program are posted on our website at: <http://www.oregonbond.us>.

A qualified homebuyer must be a first-time homebuyer or not have owned and occupied a primary residence during the three-year period prior to the date the note and mortgage is signed. This requirement is waived if they are purchasing in a targeted area. A qualified homebuyer must be (or intend to be) an Oregon resident, and must agree to occupy the home being purchased as their primary residence. An applicant may not have been discharged from a bankruptcy within the past two years, or had a real estate foreclosure within the last five years prior to closing the program loan.

Loan Types and Terms

Loans under this program must be insured by the Federal Housing Administration (FHA) or USDA Rural Development. The maximum loan amount will be determined by the mortgage insurance type

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and will be based on the appraised value of the property or purchase price, whichever is less. Conventional loans that close with a loan-to-value of 80% or less do not require mortgage insurance. These funds may not be used to refinance an existing home loan.

The mortgage loan may vary from 15 to 30 years. The loan origination fee and discount may vary with each loan, but in all cases, the combined loan origination fee and discount points together may not exceed 1.75% of the amount of the Note.

Eligible Property

Program funds may be used to buy eligible housing anywhere in Oregon; for either newly constructed or existing homes. Eligible housing may include: site-built homes; qualified condominiums; units in a qualified Planned Unit Development; and manufactured housing permanently affixed to acceptable foundations. Manufactured housing must meet the appropriate insurers' requirements, which include a manufactured date after June 14, 1976, and have a living area of at least 400 square feet. Properties must meet the quality standards as determined by the mortgage insurer.

Purchase Price Limits

OHCS has established Purchase Price Limits which are governed by the Internal Revenue Service (IRS). Depending on the location of the home being purchased, the Purchase Price (acquisition cost) Limits are listed on our website at: <http://www.oregonbond.us>.

Targeted Areas

The first-time homebuyer requirement is waived and there are higher Purchase Price Limits if the property being purchased is in a Targeted Area, and the borrower transfers any residential property previously owned prior to closing the Program Loan. The targeted and non-targeted areas are listed on our website at: <http://www.oregonbond.us>.

Recapture Fee

The Program is funded through the sale of federally authorized tax-exempt bonds. Borrowers who finance a home purchase with the program and also sell the home within nine years of purchase may be subject to a Recapture Fee, if the borrower and property sale meet certain requirements.

The requirements for the fee are established by the Internal Revenue Service (IRS) as described in [IRS Form #8828](#). If a Recapture Fee is due, it is paid to the IRS not the State of Oregon when the borrower pays their federal taxes. Borrowers who use the Residential Loan Program receive a full notice regarding the Recapture Fee at the time they apply for the loan with a Participating Lender.

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The OHCS notice, Notice to Borrowers Regarding Application of the Recapture Provision, describes how the annually adjusted, qualifying income limits must be exceeded to trigger the Recapture Fee. The recapture fee is relevant if, and only if, the borrower's annual income exceeds the applicable income limit for the year in which the home is sold. Households that are made up of three or more people or who purchased homes in a targeted area are allowed even higher minimum incomes. After nine years of ownership, no fee is due regardless of the borrower's household income. If the income limit is exceeded, the maximum fee may not exceed 6.25% of the original loan amount (only

applicable in the fifth year of ownership) or 50% of the net gain on the sale of the home whichever is less. Furthermore, the maximum fee is reduced by 20% each year before and after the 5th year of ownership and it is also reduced for incomes falling within \$5,000 above the applicable household income limit.

The important thing to remember about the Recapture Fee is that if the home is sold within the first nine years of ownership, and the borrower's household income does not exceed the applicable minimums, which increase by 5% every year, no Recapture Fee will be due to the IRS. If the borrower does not sell the home in the first nine years of ownership, regardless of their household income, no Recapture Fee will be owed. A borrower who refinances the program loan will still be subject to the potential recapture tax until it has been a full nine years since the program loan originally closed. For more information regarding the Recapture Fee, please call a Participating Lender or contact OHCS by calling 1.877.788.2663.

For More Information

For more information, contact us 1.877.788.2663.

OHCS is the state housing finance agency, providing financial and program support to create and preserve opportunities for quality, affordable housing for lower income Oregonians. The agency also administers federal and state antipoverty, homeless and energy assistance community service programs. Visit our website at: <http://www.oregon.gov/ohcs/>

