

Purpose of this form

The first-time home buyer savings account (FTHBSA) subtraction allows Oregon taxpayers to subtract amounts deposited in a designated FTHBSA, along with earnings in the account, from their taxable income.

Use Form OR-HOME to:

- Designate a savings account at any financial institution as an FTHBSA; or
- Report a change in the beneficiary of your FTHBSA.

Keep Form OR-HOME, as well as your financial records related to your FTHBSA, with your tax records. We may ask for it later.

What is an FTHBSA?

An FTHBSA is a regular account with a financial institution, except that the money in the account can only be used for one purpose: buying a first home. The account may be a traditional savings account or another type of account used to save for a home, such as a brokerage account. The account holder must choose to follow the restrictions explained in these instructions and indicate that choice by designating the account using Form OR-HOME.

Who is a first-time home buyer?

A first-time home buyer is a person who hasn't bought or owned a home in the three years prior to buying a home using funds from an FTHBSA.

Who can open an FTHBSA?

An FTHBSA can be opened until December 31, 2026 at any financial institution by anyone saving up to buy a single-family home in Oregon. If you don't need an account to save for your own home purchase, you may open an FTHBSA to help a qualified beneficiary save for a purchase. The funds in the account must be spent within 10 years of opening the account.

Note: An individual can only have one FTHBSA. You cannot be both an account holder and a beneficiary. You cannot be a beneficiary for more than one account.

Joint accounts. An FTHBSA may only be jointly held by two individuals who file a joint income tax return together. If your filing status is married filing separately, you and your spouse may each hold a separate FTHBSA, but may not share an account.

Who is a qualified beneficiary?

A qualified beneficiary is an individual that you designate as the intended recipient of funds to be withdrawn from your FTHBSA. The funds must be used for eligible costs related to the beneficiary's first-time home purchase.

A qualified beneficiary may not have their own FTHBSA or be the beneficiary of another FTHBSA. It is important to verify this with your beneficiary before opening an account on their behalf. If you learn that your qualified beneficiary already has an account or is already a beneficiary of another account, you may designate a new eligible beneficiary or you may use the account for your own first-time home purchase. If you make a nonqualified withdrawal of funds within the account instead of continuing to save for a home purchase, you will need to add back previously subtracted funds and potentially pay a penalty.

What can I spend the FTHBSA funds on?

Funds in an FTHBSA can only be used for eligible costs. Eligible costs include the down payment for a first-time home purchase and any closing costs. These are listed in the settlement statement or closing disclosure and typically include costs such as title insurance, realtor commissions, appraisal and inspection fees, and loan origination fees. These costs must be related to your (or your beneficiary's) purchase of a home in Oregon.

What records do I need to keep?

For each tax year that you claim the FTHBSA subtraction, you must maintain:

- Account statements showing the contributions to the account and the taxable interest or earnings on the account;
- The information return issued by the financial institution for the account; and
- Upon a withdrawal of funds for eligible costs, a copy of the real estate settlement statement.

What is the tax benefit of an FTHBSA?

You can subtract the amount of contributions that you make each year to an FTHBSA that you hold, as well as the earnings in the account, up to an annual maximum. The maximum amount you can subtract each year is based on your filing status and your federal adjusted gross income, or AGI.

You may only subtract the contributions that you (or your spouse, if filing jointly) make to your FTHBSA. Other people may make contributions to your account, but those contributions may not be subtracted. A qualified beneficiary

may not claim any subtraction for contributions made to the account.

You may subtract contributions and earnings to your FTHBSA for up to 10 years from the date you first open any FTHBSA or until a combined total of \$50,000 in subtractions is reached, or \$100,000 for a joint account held by joint filers.

Use this table to determine your maximum subtraction for tax year 2025. The subtraction amount is reported on Schedule OR-ASC, section B, or Schedule OR-ASC-NP, section C, with subtraction code 361.

2025 FTHBSA subtraction limits table

| If your filing status is: | and your federal AGI is: | | then your maximum allowable FTHBSA subtraction is: |
|-------------------------------|--------------------------|----------------|--|
| | at least— | but less than— | |
| Married filing jointly | – | \$149,000 | \$12,245 |
| | \$149,000 | \$158,000 | \$9,795 |
| | \$158,000 | \$167,000 | \$7,345 |
| | \$167,000 | \$176,000 | \$4,900 |
| | \$176,000 | \$187,000 | \$2,450 |
| | \$187,000 or more | | \$0 |
| All others | – | \$104,000 | \$6,125 |
| | \$104,000 | \$111,000 | \$4,900 |
| | \$111,000 | \$117,000 | \$3,675 |
| | \$117,000 | \$123,000 | \$2,450 |
| | \$123,000 | \$131,000 | \$1,225 |
| | \$131,000 or more | | \$0 |

Excess contributions and earnings. Contributions and earnings in any one year that exceed the annual subtraction limit can't be carried forward and subtracted in a future year. You may choose to contribute more than the annual or lifetime limit, but you may not claim a subtraction for those contributions.

What happens if I withdraw funds from my FTHBSA and spend it on something else?

If you use the funds in your FTHBSA for any purpose other than paying eligible costs to buy a home, you may be subject to a penalty and an add-back requirement.

Penalty. If funds in your FTHBSA are withdrawn within 10 years of opening any FTHBSA for a purpose other than to pay eligible costs for buying a home, you will need to pay a penalty with the tax return you file for the withdrawal year, unless you meet one of the exceptions listed below. The penalty is five percent of the funds withdrawn during the year, even if you haven't previously subtracted those amounts.

Addition. You will also need to add back any nonqualified withdrawal amounts that were subtracted in previous tax years on the return you file for the withdrawal year. You must report the addition using addition code 166 on

Schedule OR-ASC, section A, or Schedule OR-ASC-NP, section B.

Example. Mary contributed \$6,125 to her FTHBSA in 2025 and claimed the maximum subtraction amount on her return for the year. The account earns \$150 in interest in 2025, but Mary can't subtract the interest amount because the total amount of contributions and interest (\$6,125 + 150 = \$6,275) is more than the maximum subtraction amount. During 2026, Mary withdraws the \$6,275 in her account to purchase a new car. She will pay a penalty of five percent of the amount withdrawn, or \$314 (\$6,275 x 5 percent), when she files her return for 2026. She will also add back \$6,125, the amount she had previously subtracted in 2025.

Penalty exceptions. A penalty is not imposed on a non-qualified withdrawal by an account holder who:

- Is deceased;
- Has filed for protection under the U.S. Bankruptcy Code; or
- Has lost the use or function of any portion of the body that permanently incapacitates them from regularly performing work at a gainful occupation.

What happens if I don't buy a home after all?

If you don't spend the funds in your FTHBSA on eligible costs within 10 years of opening any account, you must add back any amounts remaining in the account that you previously subtracted. A penalty is not imposed on funds withdrawn from the account after the 10th year.

Can I transfer my account to a different bank?

You can't have more than one FTHBSA at the same time, but you can transfer funds to another FTHBSA without incurring a penalty. To do so, withdraw the funds from your first account and deposit the funds into the second account within 60 days. Fill out Form OR-HOME to designate the new account as your FTHBSA. Keep statements showing that you closed the first account with your tax records.

Name and Social Security number (SSN)

Type or clearly print your name and SSN. Include your spouse's name and SSN if you file a joint income tax return and jointly hold the account. If the IRS assigned you an individual taxpayer identification number (ITIN) because you don't qualify for an SSN, enter your ITIN where an SSN is requested.

Part 1 – Financial institution and account information

Use Part 1 of Form OR-HOME to designate an account at a financial institution as an FTHBSA. Include the name of the financial institution and the account number, as well as the date that you are designating the account as an FTHBSA. Keep statements verifying the information with your tax records.

Part 2 – Beneficiary designation

Use Part 2 of Form OR-HOME to designate a qualified beneficiary for the account. Do not complete this part if the account is for yourself (and your spouse, if the account is jointly held and you're filing a joint return).

Beneficiary changed or removed. If you wish to change or remove your qualified beneficiary, complete another Form OR-HOME and check this box. If you are changing your beneficiary, complete the form with the new beneficiary's information. If you are removing the beneficiary, only this checkbox and the designation date should be completed.

Minor child. If your beneficiary is your minor child or ward, no additional signature is required for the beneficiary. If your beneficiary is the minor child or ward of someone else, have the parent or legal guardian sign the child's name and then write "By [their signature], parent (or other legal guardian) of minor child (or ward)."

Do you have questions or need help?

www.oregon.gov/dor
503-378-4988 or 800-356-4222
questions.dor@dor.oregon.gov

Contact us for ADA accommodations or assistance in other languages.