

Oregon Bond Residential Loan Program

Program Overview	<p>Oregon Housing and Community Services periodically issues tax exempt mortgage revenue bonds to be able to provide lower than market interest rate home loans to help first time homeowners in Oregon. The Oregon Bond Residential Loan Program provides below-market rates helping Oregon families achieve their home ownership goals while keeping their monthly payments affordable.</p> <p>The Program offers eligible borrowers a choice between Cash Advantage (Closing Cost) or Rate Advantage.</p> <ol style="list-style-type: none"> 1. Cash Advantage 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 closing costs needed to purchase the home. Cash Advantage funds cannot be used for the minimum investment required for an FHA Loan. 2. Rate Advantage Eligible borrowers will get the lowest fixed rate possible to maximize their home purchasing power with an affordable payment. <p>Regardless of which pricing option they choose, the eligibility and program requirements are the same.</p>
Eligible Borrowers and Income	<p>The "annualized gross household income" cannot exceed the Program Limits established by Oregon Housing, governed by the Internal Revenue Service (IRS). The eligible income levels to qualify for this program are posted on our webpage here.</p> <p>An eligible borrower must be a first-time homebuyer or may not have held ownership in a principal residence during the three-year period prior to the date of the new mortgage. 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 have had a real estate foreclosure within the last five years, prior to closing the program loan.</p>
Loan Types and Term	<p>The program consists of four (4) loan types: Federal Housing Administration (FHA insured), USDA Guaranteed Rural, Fed VA, and Conventional Uninsured (loans that close with a loan-to-value of 80% or less). These funds may not be used to refinance an existing home loan.</p>
Eligible Property	<p>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.</p>
Purchase Price Limits	<p>Depending on the location of the home being purchased, OHCS has established Purchase Price Limits which are governed by the IRS. Price limits are listed on our webpage here.</p>

<p>Targeted Areas</p>	<p>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. Targeted and non-targeted areas are listed on our webpage here.</p>
<p>Recapture Fee</p>	<p>The program is funded through the sale of federally authorized tax-exempt bonds. Borrowers who finance a home purchase with the program and then sell the home within nine years could be subject to a Recapture fee if both the borrower and the sale price exceed certain guidelines.</p> <p>The requirements for the fee are established by the Internal Revenue Service as described in IRS Form #8828. If a Recapture Fee is due when the house is sold, it is paid to the IRS, not the State of Oregon, when the borrower files their federal taxes. Borrowers who use the Oregon Bond Residential Loan Program receive a full notice of disclosure regarding the Recapture Fee at time of application with an approved lender. The Recapture fee is only relevant if the borrower’s annual income exceeds the applicable income limit for the year in which the home is sold and if there is a profit (“gain” for tax purposes) over their acquisition cost.</p> <p>For more details please see our “Notice to Borrowers Regarding Recapture Provision” at http://www.oregon.gov/ohcs/pages/oregon-bond-program-lender-manual-forms.aspx</p>
<p>For More Information</p>	<p>Visit our website, or contact us at (503) 986-2000</p>