

Frequently Asked Questions: Oregon Bond Residential Loan Program

Q: Can the Cash Advantage on an FHA/Oregon Bond Residential Loan Program go towards the borrower(s) required down payment of 3.5%?

A: No, not on an FHA loan. Per HUD the borrower must have their own 3.5% down and cannot use the 3% from cash advantage to cover that. They can use the Cash Advantage funds toward their closing costs.

Q: The 3% Cash Advantage, is that 3% of the purchase price or 3% of the loan amount?

A: The 3% is of the NOTE amount.

Q: Does this program have implications in filing my personal tax return?

A: No, not for the annual income tax returns. There may be a one time fee if the home is sold prior to 9 years of ownership per the Recapture Fee. See IRS Form 8828 www.irs.gov

Q: Can I still deduct mortgage interest, property taxes, etc?

A: Yes, of course. The Oregon Bond Residential Loan Program works just like any home loan and interest can be deducted on annual income tax returns. Please consult your tax preparer for additional questions in this area.

Q: What is the application process for this program? Will it take longer than the normal home-buying process?

A: A borrower will go through the entire loan process with an Oregon Bond Residential Loan Program approved lender. The loan will close with that lender, who will send us a funded file to review and confirm the file followed Oregon Bond Residential Loan Program guidelines. Because Oregon Bond Residential Loan Program purchases a completely funded loan, the process does not take any longer with the lender than other loans would.

Q: What if a borrower foreclosed a property in a bankruptcy but the bank didn't take title/possession later?

A: If a home was in a bankruptcy, Oregon Bond Residential Loan Program rules require that bankruptcy be discharged for 5 years prior to using the Oregon Bond loan for a new purchase. Even if the bank didn't take possession back until later than the discharge was complete.

Q: Can you please confirm for me that the CLTV on a manufactured home can be >95%?

A: Depends on what loan program you choose. Currently Oregon Bond Residential Loan Program only does 80% conventional loans, FHA, Fed VA, or USDA loans. We do purchase manufactured homes, but only under FNMA or Freddie Mac guidelines with any of the programs we allow. Oregon Bond Residential Loan Program does not dictate CLTV, as long as the first lien is underwritten to these programs and Oregon Housing and Community Service is in first lien position.

Q: USDA allows gifts from an employer: Will Oregon Bond Residential Loan Program allow the same on an Oregon Bond Residential Loan Program USDA loan?

A: Because we do not underwrite loans, we trust that the lenders underwriter will follow guidelines for all programs including USDA. If it is allowed with USDA, Oregon Bond Residential Loan Program would allow it as well.

Q: Can we do a conventional loan with 20% down (so there is no mortgage insurance) and a 10% second mortgage or line of credit?

A: YES! Oregon Bond Residential Loan Program does not monitor where the down payment money comes from. So if your borrower uses a 10% or 15% DPA, or second lien, then Oregon Bond Residential Loan Program would accept it.

Q: Can the borrower rent out the home later down the road?

A: NO. Oregon Bond Residential Loan Program is designed for first time homebuyers/owner occupied homes. Borrowers would need to refinance out of our program before renting the home out.

Q: Can we combine the Oregon Bond Residential Loan Program with a 203k FHA loan?

A: NO. Oregon Bond Residential Loan Program does not allow repairs to be completed after a purchase. Because of this there are no Escrow Hold backs or 203K loans permitted.

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Q: Can you explain your fee structure? What points does the Oregon Bond Residential Loan Program pay?

A: The Oregon Bond Residential Loan Program does not pay YSP/ points. Lenders are allowed to charge only 1.75% of the NOTE amount + \$1000 for underwriting and processing TOTAL. This will be in Section A of the final TRID CD. Should the amount be higher when we receive the file, the lender will be asked to reimburse the borrower for the overcharge. This can be done with refund or principal reduction to the borrower.

Other Program Requirements:

1. There are income limits and purchase price limits used to qualify borrowers for the Oregon Bond Residential Loan Program. Please review these on our website.
<http://www.oregon.gov/ohcs/Pages/oregon-bond-loan-program.aspx>
2. Also found on the Oregon Bond Residential Loan Program Web Site is an additional Fact Sheet and the full Oregon Bond Residential Loan Program Manual for additional review.