

OAR 274-025-0035 Down Payment Assistance Program

- (1) For purposes of this rule, “first-time homebuyer” means an individual who
 - (i) Is purchasing the security property;
 - (ii) Will reside in the property as a principal residence; and
 - (iii) Had no ownership interest (sole or joint) in a residential property during the three-year period preceding the date of the purchase of the security property.
- (2) The down payment assistance program is for veterans who are considered first-time homebuyers and in need of down payment assistance to purchase a home.
- (3) The program is a grant program for veterans provided by the Oregon Department of Veterans’ Affairs (ODVA) and funded from document recording fees administered by Oregon Housing and Community Services (OHCS) under ORS 408.655; therefore, the program is dependent on the availability of funds.
- (4) In addition to all other ODVA eligibility and underwriting requirements for a home loan, including the provisions under this Division 25 or under Division 20, a veteran applicant and any co-applicant for a home loan and a down payment assistance grant must meet the following requirements:
 - (a) The veteran applicant and any co-applicant must be a first-time home buyer; and
 - (b) Provide the following documents at the time of application for veteran applicant and any co-applicant:
 - (i) The most recent three years of Federal income tax returns; and
 - (ii) A certificate of completion for a homebuyer’s education class from a counseling agency that has been approved by a U.S. Department of Housing and Urban Development (HUD).
- (4) The total household income for the veteran and any co-applicant may not exceed 80% of the HUD-defined “area median income” of the metropolitan statistical area or the county of the proposed residence.
- (5) The total of the down payment assistance grant and the closing costs may not exceed \$15,000.
- (6) The total of all verified liquid assets of the veteran applicant and any co-applicant may not exceed five months of the reserves for PITIMI (principal, interest, taxes, insurance and mortgage insurance) or 5% of the sale price, whichever is higher. Retirement funds, including 401k plans and IRAs, are excluded from the calculation of verified liquid assets.
- (7) A veteran applicant and any co-applicant may use funds from gifts to supplement the down payment assistance grant and closing costs. These gift funds may exceed the \$15,000 limitation in subsection (5) of this rule.
- (8) In addition to the limitations stated in this rule, the availability of down payment assistance program grants is subject to the sole discretion of the Director in consideration of other factors including, but not limited to, the solvency and the financial position of the home loan program, the condition of the tax exempt bond market, and the effect on other borrowers in the program.