

FIRST-TIME HOMEBUYER SAVINGS ACCOUNT FREQUENTLY ASKED QUESTIONS

Q WHO CAN SET UP A FIRST-TIME HOMEBUYER SAVINGS ACCOUNT

A A first-time homebuyer account can be set up by anyone planning to purchase a home in Oregon before January 1, 2027. The person can't have owned or purchased a residence in the three years prior to the date of their planned purchase.

Q DO I HAVE TO PURCHASE A HOME IN OREGON?

A Yes. If you don't purchase a home in Oregon, you don't qualify for the subtraction and you will be required to add back any amounts you subtracted on previous tax returns.

Q DO I HAVE TO BE AN OREGON RESIDENT TO QUALIFY?

A Yes. You must be a resident of Oregon.

Q CAN SOMEONE WHO IS NOT THE ACCOUNT HOLDER CONTRIBUTE?

A Yes. However, they won't be able to claim a subtraction for any funds they contribute to you. In addition, you won't be able to claim a subtraction for contributions you don't personally make.

Q WHAT ARE QUALIFIED FIRST-TIME HOMEBUYER EXPENDITURES

A Funds in your first-time homebuyer account can be used for down payments, loan origination charges, appraisal fees, credit report fees, flood certifications, title charges, deed charges, and other closing costs on your settlement statement when purchasing a single-family home.

Q HOW MUCH IS THE PENALTY AND WHEN WILL IT BE IMPOSED?

A The penalty is 5 percent of the funds withdrawn from the first-time homebuyer account. The penalty isn't associated with subtractions you claimed. The penalty will be imposed on funds withdrawn within 10 years of the first-time homebuyer savings account being opened and used for a nonqualifying purpose.

Q ARE THERE EXCEPTIONS WHEN THE PENALTY WILL NOT BE IMPOSED?

A Yes. The penalty won't be imposed on funds that are withdrawn if a person has died, has filed for protection under the U.S. Bankruptcy Code, or has lost function of any portion of the body that permanently incapacitates them from regularly performing work at a gainful occupation. In addition, if the funds are withdrawn more than 10 years after the account is opened, they won't be subject to a penalty.

Q DO I HAVE TO PAY FEDERAL TAX ON DEPOSITS AND EARNINGS?

A Yes. Although deposits and earnings to the first-time homebuyer account are exempt from state taxes up to the annual limit, they're still subject to federal taxes, depending on your individual tax situation.

If you have additional questions, please contact a Consolidated Community Credit Union Member Service Representative at:

800.444.8115

