

Ohio Homebuyer Plus

Frequently Asked Questions

Q. Who is eligible to open an Ohio Homebuyer Plus Savings Account?

A. Any resident of the state of Ohio who is at least 18 years of age is eligible to open an account at Pathways if they:

Have a primary residence in the state of Ohio; and

Only use the account proceeds toward the down payment or closing costs of a primary residence in Ohio.

Q. Why should I open my Ohio Homebuyer Plus Savings Account at Pathways?

A. Pathways is one of just several financial institutions who offer the Ohio Homebuyer Plus Savings Account. Pathways has developed a program that offers the most attractive dividend rate available for accounts with balances of \$25,000 or less. Plus, if you finance your home purchase with Pathways you will receive up to a \$3,000* credit toward your closing costs. The account must be open for 6 months to qualify for the \$3,000 closing cost credit.

Q. Are there any income requirements to open an Ohio Homebuyer Plus savings account?

A. No. Ohioians at any income level, who meet the necessary eligibility criteria, may open an account through the Ohio Homebuyer Plus program.

Q. Can a married couple open a joint Ohio Homebuyer Plus account?

A. No. The account must be individually owned by the saver; joint account ownership is not allowed. Two individuals are both eligible to open and fund individual accounts.

Q. Is there a minimum amount that must be kept in my Ohio Homebuyer Plus account?

A. Accounts must maintain a minimum of at least \$100.

Q. Can I purchase a vacation home, new construction, or income property with the savings in an Ohio Homebuyer Plus account?

A. No. Account proceeds must be used toward the down payment and/or closings cost associated with the purchase of a primary residence in Ohio.

Q. I currently reside outside of Ohio, but plan to move there and purchase a home. Can I open an Ohio Homebuyer Plus account?

A. No. An applicant must be an Ohio resident at the time of application to open an Ohio Homebuyer Plus account.

Q. Can I open an Ohio Homebuyer Plus account at more than one financial institution?

A. No. The program only allows for one (1) Ohio Homebuyer Plus account per Ohio resident.

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Frequently Asked Questions (*continued*)

Q. What if my circumstances change or I move out of the state and do not purchase a primary residence in Ohio?

A. If an accountholder's circumstances change or if they move out of state, they keep all money saved as well as the interest accrued in their account. Additionally, if the accountholder is no longer eligible, their Ohio Homebuyer Plus account will close and the enhanced earnings end. Funds not used for an eligible home purchase may result in State of Ohio tax reporting requirements and possible tax liabilities.

Q. Is my account balance at Pathways secured and protected by Insurance?

A. Yes. Your deposit accounts with the credit union are insured up to \$500,000 by a combination of federal insurance provided by the National Credit Union Administration up to \$250,000, and the additional \$250,000 are covered by the Excess Insurance Corporation.

Q. Is the Homebuyer Savings account subject to Account Maintenance Fees?

A. No. Your Ohio Homebuyer Plus account is not subject to any fees to open or maintain it.

Q. Do I need to provide supporting documentation to the credit union to complete withdrawal transactions on the account?

A. No. The Homebuyer Plus account holder has full access and responsibility in using the funds on the account for qualified expenses per program's agreement and is responsible for retaining appropriate documentation substantiating the use of Account funds. Pathways is obligated to submit to the Ohio Treasurer's office monthly reports of any Homebuyer Plus Savings account changes and/or transactions completed on them.

Q. Can I transfer my Homebuyer Plus Savings account to a different Financial Institution?

A. Yes. Account balances may be transferred between participant Financial Institutions at the Account holder's discretion. The account being transferred is required to be closed with Pathways prior to completing the reapplication and deposit process into the next qualified Financial Institution. The account owner is expected to have the account transfer process of the Account balance, including interest, to the next Financial Institution completed within ninety (90) days of the Account-to-Account Transfer initiation date.

Q. Is there a maximum annual contribution on the account?

A. No. The Treasurer's office has established that account holders can contribute up to the account balance maximum of one hundred thousand dollars (\$100,000) at one time. There is no annual contribution limit, provided the Account balance maximum of one hundred thousand dollars (\$100,000) has not been reached.

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Frequently Asked Questions *(continued)*

Q. Is there a minimum annual contribution on the account?

A. No. After opening the account with the minimum balance of \$100, there is not a minimum contribution amount the account holder can make at any one time. There is no annual contribution requirement.

Q. Are there any inactive account rules that apply?

A. Yes. The Treasurer's office may terminate a saver's participation in the program if no contributions have been made to the account within a three (3) year period and the value of the account is less than five hundred dollars (\$500).

Upon identification of an inactive account, and after notification to the account's holder of the account status, the Treasurer's office will allow up to 90 days to the account owner to contribute to the account, or to justify the reasons for such inactivity, before determining the program's termination.

Q. How can I make contributions to Homebuyer Plus Savings account?

A. There are multiple channels an account holder can use to make contributions into the account:

- Depositing Cash, check, or money order
- Automatic recurring contributions via ACH
- Wire transfer
- One-time electronic transfer
- Payroll direct deposit
- Account-to-Account Transfer

Q. What is the maximum term of the Homebuyer Plus Savings program agreement?

A. The program's applicant can establish and maintain an Account for a period of up to five (5) consecutive calendar years from the date of their first Account opening date, meaning the date the owner's Account was approved by the Treasurer's office.

Q. Are the dividends paid in the account based on a fixed interest rate or variable rate?

A. The dividend rate for this account is variable. The dividend rates disclosed at account opening may be subject to change monthly.

Q. How often will the account be credited with the dividends earned?

A. Dividends will be earned daily when the account balance exceeds the minimum balance requirement for the account and will be credited to the account monthly.

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Frequently Asked Questions *(continued)*

Q. What expenses are considered qualified and approved to withdrawal funds from the Homebuyer Plus Savings account?

A. Eligible withdrawals are those used for down payment, eligible expenses, earnest deposit, and closing costs (included in the closing disclosure statement) associated with the purchase of a home.

Q. What happens with any residual balance on the account after I have used the funds for the qualified home purchase expenses?

A. The account holder is expected to use their entire account balance for eligible withdrawals. If the account has a small outstanding balance equal to or less than one hundred dollars (\$100), remaining in their account after the purchase of a home, Pathways will close the account and return the funds to the account owner.

Q. What are the authorized Tax Deductions for account contributions?

A. Pathways cannot offer tax advice to its members. Please consult a tax advisor for this question or any other pertaining tax information.

Q. Where do I report changes of personal information such as address, last name, etc. for the program?

A. Any changes of personal information must be promptly notified to Pathways using the approved notification channels per Pathways procedures. The credit union will transfer the information to the Ohio Treasurer's Office.

Q. What happens with my account balance in case of death?

A. Account holders are encouraged to add beneficiary(ies) to the account who can claim the funds on the account in case of death, after presenting proper documentation per Pathways requirements. In the absence of a beneficiary, Pathways will follow the documented decision of the pertaining probate court. It is advisable to obtain a probate lawyer's guidance in reference to the appropriate designation for claimants on this type of account.

Q. How many times can I participate in the program?

A. There is no prohibition to saver's participation eligibility based on prior participation or current home ownership. Ohio Homebuyer Plus is not limited to first time home buyers. Once a saver has completed a home purchase, they are eligible to open a new account for a subsequent home purchase after one (1) year has elapsed from their prior account closure. There is no limit to the number of times the saver can use Ohio Homebuyer Plus Program.

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Frequently Asked Questions (*continued*)

Q: How can withdrawals be made from the account?

A: Withdrawals can be made via Check, Wire, Cash (members cannot transfer out of the account via online banking).

Q: What happens if a withdrawal is made?

A: This special account does not have withdrawal restrictions but a **withdrawal of funds for any amount and reason other than the purchase of a primary residence in Ohio will result in the account being closed** per the State of Ohio's program rules. The responsibility of the account management falls on the account owner who signs the account statement certifying that the account will be used for qualified expenses under the program. Pathways will report information to the State Treasurer's office about the person's account and any transaction activity.

Q: Is there a withdrawal penalty?

There is **no withdrawal penalty from Pathways** for withdrawing their funds. Funds not used for an eligible home purchase may result in State of Ohio tax reporting requirements and possible tax liabilities. Although the tax implications seem to be tied to whether members take an Ohio income tax deduction for their contributions to the account, remember we do not give tax advice. Members should consult their tax advisor for details. Members should be advised to not deposit funds into their Ohio Homebuyer Plus account that they'll need access to for other purposes.

Q. Will I receive a yearly 1099 form to use in completing my tax report?

A. Pathways is required to report to the IRS any interest income over the reporting threshold. While we won't send any tax form for withdrawals, a 1099-INT will be issued on each one of these accounts.

Q. How do I qualify for the \$3,000 Homebuyer Plus account benefit from Pathways?

A. The benefit of \$3,000* will be paid in closing costs for members who have an Ohio Homebuyer Plus savings program at Pathways, who has had the account open for a minimum of 6 months, and that finance their home purchase with the credit union. *Additional restrictions apply. Please refer to the program disclosures for more information.

***For more information about the Ohio Homebuyer Plus program, or to view our program disclosures, please visit: <https://pathwayscu.com/homebuyer-plus>**

This FAQ is meant for informational purposes only and is not to provide tax or legal advice. The Ohio Homebuyer Plus Savings program is administered and controlled by the State of Ohio under Ohio Revised Code 135.70-135.71, 5747.01(A)(41), and 5747.85. This FAQ is based on the program guidelines published by the Treasurer of the State of Ohio on 1/16/2024. The state of Ohio reserves the right to modify, change, or terminate this program at any time.