



## INDIVIDUAL DEVELOPMENT ACCOUNT PROGRAM MANUAL

**IDA020 (2020-2024)**

### **The Road to Asset Building**

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# SECTION 100: IDA Program

## 101 History

### State

The Indiana Housing Community and Development Authority (IHCDA)'s Individual Development Account Program is an asset development program for low-income individuals. In 1997, Indiana state legislation (I.C. 4-4-28) created the Individual Development Account (IDA) Program as an innovative tool to help low-income Hoosiers build assets, attain self-sufficiency, learn personal financial skills, and invest in improving their quality of life.

### Federal

The American Dream Demonstration (ADD) was the first large-scale test of Individual Development Accounts as a social and economic development tool for low-income communities. Initiated by the Corporation for Enterprise Development (CFED) in September 1997, ADD brought together 13 community-based organizations selected through a competitive process to design, implement and administer IDA initiatives in their communities. It ran for four years (1997-2001) and the research took place over the course of seven years (1997-2003).

Studies of ADD revealed several valuable lessons:

- Low-to-moderate income individuals can and do save in IDA programs; in fact the very poorest (under 50% of the federal poverty line) save at rates at least two to three times the rates of those between 150%-200% of the poverty line.
- Financial education is important, significantly raising savings rates and providing program consistency.
- Account holders save primarily through reducing other expenditures and secondarily through increasing income.
- The majority of account holders are able to amass critical assets through IDAs.
- IDAs have significant psychological and social effects, increasing future orientation, financial skills, and sense of control, initiative-taking, and civic and family participation.

In 1998, the United States Congress passed the Community Opportunities, Accountability, and Training and Educational Services Act of 1998 (also known as the Assets for Independence Act) which led to the creation of a parallel demonstration program that complements the IDA program that is administered by IHCDA. The Assets for Independence Act (AFI) was last amended in 2000.

In 2017, AFI funding was eliminated from the federal budget and in October of 2018 IHCDA released its first round of funding that relied solely on state funds. However, there are elements of the AFI funding requirements that IHCDA chose to remain in place because they were critical to program integrity, provide clarification and provide useful programmatic tools or resources.

## 102 Program Summary

**Individual Development Accounts** are matched savings accounts designed to encourage low-income families to save for the purchase of an asset. Participants in the program are required to successfully complete financial education as well as training related to a specific asset purchase.

**This program round will last from July 1, 2020 until June 30, 2024** . The program round comprises four program years, which run from July 1 until June 30. The round should be broken down as follows: three years for a participant to save, and one year for the IDA Administrator to work on some combination of the following: enrollment, asset purchase, account close-out and reporting.

**The match rate is 3:1**, where participants can save \$1,500 over the course of the program round and receive up to \$4,500 in state match funds.

**Two separate bank accounts** are used to hold participant funds: a personal savings account for the funds that the participant deposits and a match account for the state funds. All participants receiving IDA020 match funds must make their asset purchases and close their accounts by June 30, 2024.

**Eligible assets** include purchasing a home, paying for home repair, starting/expanding a small business, purchasing a vehicle and paying for education/job training.

Eligible participants are those that meet the following requirements:

- Household income must be at 200% or below the Federal Poverty Level (using the most recent federal guidelines not the program year)
- Must have earned income at least equal to the amount of his/her annual savings obligation
- Must be a resident of the state of Indiana
- Must have a valid Social Security Number
- Must NOT have established an IDA account previously nor can any other household member have established an IDA account
- Must meet any additional requirements required by the IDA Administrator (i.e. service area limits, specific target population and any other requirements set by the administrator).

**The objective of the IDA Program** is to assist people with limited means in achieving financial independence and becoming financially self-sufficient by providing them the skills to:

- Develop a budget and set goals
- Establish regular saving habits
- Invest in assets

The IDA program meets these objectives by providing financial education, case management, homeownership counseling and other asset-goal specific training to its IDA participants. This manual is designed to assist administering IDA organizations and their staff achieves these goals by providing the necessary tools, framework and guidance needed to run a more effective program.

**In terms of funding**, each year IHCDAs awards funding to eligible non-profits, Community Action Agencies and Community Development Corporations across the State of Indiana to administer the IDA Program and the participant accounts. This is done through a program application process. IHCDAs will assess the total number of IDAs requested by the IDA Administrators during the application process and allocate available IDAs based on past performance and criteria established in the Program Administrator's Application. The IHCDAs Board of Directors approves all funding awards made to IDA Administrators.

**All questions** regarding IHCDAs IDA program should be sent to program staff at [IDA@ihcda.in.gov](mailto:IDA@ihcda.in.gov). The only exception to this would be questions related to the claims system (IHCDAsOnline – addressed in later section); questions related to that should be sent to IHCDAs Financial Operations department via [claims@ihcda.in.gov](mailto:claims@ihcda.in.gov).

## **SECTION 200: Program First Steps**

As soon as an organization is informed that IHCDAs Board of Directors has approved their funding for IDA accounts, they should start taking the steps listed below.

### **201 Review and Sign Grant Agreement**

IDA Administrators that are approved by IHCDAs Board of Directors will receive an IDA Program Participation Agreement from IHCDAs to manage a finite number of IDA accounts.

The effective date or start date (July 1, 2020), is the first day that participants can be officially enrolled in the program. The expiration date (June 30, 2024) is the last day of the agreement. All program funds - administrative and match - must be fully processed and expended by that time. This means that all match claims must be made, and all asset purchases must be completed by the grant agreement's expiration date.

Administrative work should be completed by the end of the grant agreement. Administrative claims can be made up to 45 days after the agreement ends (November 15, 2024). Beyond that date, no additional claims will be approved for an IDA020 award.

IDA Administrators should closely review the Participation Agreement, to ensure they are familiar with these and other program requirements.

### **202 Review IHCDAs Resources and Attend IHCDAs Training**

In addition to the IDA Participation Agreements, all Administrators are expected to be familiar with program requirements set out in this manual. This manual, its associated appendix, and other helpful program documents can be found on the IHCDAs Partnership Portal/ IDA page: <https://www.in.gov/ihcda/4106.htm>

Information about upcoming training opportunities will also be posted to the IDA webpage. IDA Administrators, especially those who are new to the program, should make sure to attend any webinars and in-person trainings that are hosted, which usually take place on an annual basis.

IHCDAs may provide additional training at the request of Administrators.

### **203 Finalize Financial Institution Partnership**

A critical part of the IDA program is the establishment and management of two savings accounts for each participant: one for their savings deposits and one for the matching funds they earn. To ensure that each account is opened correctly and that all deposits and withdrawals follow program rules, it is important that an IDA administrator partners with a Financial Institution that understands the IDA program.

In order to give IDA participants as much time as possible to save, their accounts will need to be opened as soon as possible. Because of that, IDA Administrators are required to secure a Financial Institution partner as a part of their IDA Application.



## 203.1 Memorandum of Agreement (MOA)

The relationship between the State of Indiana (IHCDA) and the financial institution is governed by a written agreement. To become a participating IDA Financial Institution, each institution must complete a Memorandum of Agreement (MOA) with IHCDA. These MOAs are signed for a four (4) year term to cover the totality of the IDA grant period entered into with each IDA Administrator.

If a financial institution works with multiple IDA Program Administrators, only one MOA is required. Each partner is listed on the document, check all that apply.

Furthermore, if the IDA program is granted an extension, a MOA revision will be sent to cover the new program closeout date.

IDA Administrators will no longer be allowed to submit claims under a specific grant agreement, until a MOA is signed with a Financial Institution for that grant period. Administrators must apply with a bank or credit union already chosen as their financial institution partner. Using the contact information provided in the application, IHCDA will send the MOA for e-signature to the financial institution.

The MOA must be completed within 45 days of the start of the Administrator's IDA agreement in order for the Administrator to make any funding claims.

## 203.2 General Requirements

This information provides a brief overview of what is expected from a **financial institution** as they become a partner in the IDA program:

- Sign a Memorandum of Agreement (MOA) with IHCDA, which oversees the statewide IDA program
- Acknowledge that IHCDA contracts with administrators to manage the IDA program
- Establish one (1) checking account for state match funds that the IDA Administrator claims from IHCDA and deposit match dollars from IHCDA through ACH transfer into that holding account
  - Match funds must be kept in a separate bank account (the holding account) from the Administrator's Admin funding, which may be held at a different financial institution.
- Establish two (2) joint, custodial parallel accounts for each IDA participant, with the Administrator listed as the custodian and the participant listed as the beneficiary
  - A Personal Savings Account where participant savings will be deposited
  - A Match Savings account for match from IHCDA to be deposited
- Permit deposits to be made to the Personal Savings Account by the IDA Participant
- Distribute matching funds from the Administrator's holding account into the respective Participant IDA match accounts in the amounts indicated by the IDA administrator.
- Ensure that both of the IDA Participant accounts have restricted access protocols:
  - Participant can deposit only

- Account withdrawals are only allowed when presented with the Account Purchase Withdrawal Form, signed by both the participant and either the IDA Administrator or IHCD A staff
- No ATM bank cards, online banking and/or telephone banking features are allowed for the participant
- Ensure financial services related to the establishment and maintenance of the IDA accounts are at no cost to the IDA participant as the account holder
- Guarantee all IDA accounts earn at least the market rate of interest
- Ensure funds dispersed for emergency withdrawal will only be drawn from the IDA participants personal savings account and never the parallel match account
- Ensure that checks are made payable to a third-party vendor
- Ensure IDA participants have access to a monthly banking statement
- Provide the IDA Administrator with monthly statements of all deposits and withdrawals from each designated IDA account
- Establish at least one IDA contact person for the financial institution
- Partner with the Administrator to assist in educating staff on the IDA program
- Adopt procedures to ensure that all information from or about the IDA participant will be handled and maintained in a confidential manner
- Provide the IDA Administrator and/or IHCD A the status of IDA accounts upon request
- Maintain accounts in accordance with applicable state and federal regulations
- Work in conjunction with the IDA Program Administrator to closeout accounts

Failure to adhere to the terms and conditions of the MOA may result in the financial institution's participation in the IDA program being terminated or having to repay funds associated with IDAs that are not managed properly by the financial institution.

### **203.3 Administrator Bank Account Structure**

Each IDA participant should have two custodial accounts opened: one for their personal savings and one for their matching funds.

In addition to those accounts for each participant, each IDA Administrator needs to have two of their own accounts set-up in order to participate in the program: an account for their administrative dollars and a holding account for matching dollars.

The holding account needs to be a separate account set aside for matching dollars only. When the Administrator makes a claim for matching dollars in IHCD Aonline, those dollars will be sent to the holding account. After the claim has been made and approved, the Administrator will need to send the bank the list of matching accounts that the claim dollars are for and the amounts that need to go into each account. When the bank has both the list and the funds from IHCD A, it will disperse the funds in the holding account based on the list from the administrator.

Under no circumstances should match funds ever go through the administrator's account set-up for administrative funds, or any other account other than the holding and individual match accounts.

See below for more information about how to reflect the two accounts in IHCDAs claims system.

### 203.4 Partnering with Multiple Financial Institutions

IDA Administrators may decide to partner with multiple Financial Institutions, in one of two ways, which will have an impact on how many and which institutions sign a MOA:

1. IDA Administrator deposits Admin funds into an account at one bank (Bank A), and match funds into a holding account at another bank (Bank B). All participant IDAs are opened at Bank B. In this case, only Bank B needs to sign a MOA with IHCDAs.
2. IDA Administrator deposits Admin funds into an account at one bank (Bank A) and wants to open some participant IDAs at that bank, but also some participant IDAs at another bank (Bank C). THIS IS HIGHLY DISCOURAGED and allowed ONLY with prior-IHCDAs approval.
  - a. In this case, the Administrator will need to create a holding account only at one of the banks (Bank A or Bank C), and then be able to transfer match funds from that account to participant IDAs at both banks. **Both Bank A and Bank C will need to sign a MOA with IHCDAs.**

### 204 Register in IHCDAsOnline

IHCDAs requires IDA Administrators to utilize IHCDAsOnline for all claims, including claims for match funds and for administrative funds. Organizations that are new to IHCDAsOnline (i.e. they have had no other grant with IHCDAs) will need to have their organization registered in the system, in addition to setting up staff accounts. New IDA agency program administrators at returning organizations must create an account for themselves and be granted access to their organization’s awards by IHCDAs Financial Operations staff.

Registration in IHCDAsOnline should be done as soon as possible after an Administrator receives an IDA award, to avoid delays for claims. Information about how to register an agency or staff person can be found in the **Partner’s Guide to IHCDAsOnline**, which is provided on the “Training and Resources” page of IHCDAsOnline [here](#).

Once an IDA Administrator is given access to IHCDAsOnline, they will need to provide information for two bank accounts before claims can be processed. Each account’s information must be provided in a different section of the system:

1. The bank account that the Administrator will use to collect IHCDAs Admin claims should be provided under their Organization’s general information
2. The bank account that the Administrator will use to collect IHCDAs Match claims (the “Match Holding Account”) should be provided under the IDA section of the system
  - a. Whenever the information for a Match Holding Account is added or updated, IHCDAs’s Financial Operations department will need to be alerted via email ([claims@ihcda.in.gov](mailto:claims@ihcda.in.gov)).

Any issues or questions related to IHCDAOnline should be sent to [claims@ihcda.in.gov](mailto:claims@ihcda.in.gov). IDA program staff will not be able to assist.

## 205 Register in Outcome Tracker

In addition to using IHCDAOnline for claims, IDA Administrators are required to use Outcome Tracker to manage client information.

Outcome Tracker is a cloud-based client management software provided by VistaShare and can be accessed at [www.vistashare.com](http://www.vistashare.com). The system may have trouble operating through the Google Chrome browser.

It is critical that all data be both complete and current because the reporting features allow the program Administrator to measure client demographics and analyze data including participant and program outcomes. Data correctness and completeness is also critical because IHCDA uses this information to complete federal and state reporting.

Each new IDA agency program administrator will need to request an account be created by IHCDA so they can access the system and their organization's participant accounts. Training materials for Outcome Tracker are provided in IHCDA's [IDA webpage](#) and on the Support tab of the Outcome Tracker homepage after login.

## 206 Plan for Success

Some IDA Administrators have found it difficult to retain program participants until they're ready to make an asset purchase. Long-term saving on a low income is tremendously challenging, so IDA Administrators must be prepared to offer multiple forms of support for their applicants and participants,

Below are sample best practices that may decrease your rate of attrition and better foster a positive communication link between your agency and the IDA participants in an effort to maximize participants' success rate.

- **Plan regular contact with your IDA participants.** Regular contact between your program and participants is a way to combat isolation and discouragement. Regular newsletters and occasional "check in" phone calls will help participants feel supported and keep IDA goals in the forefront of their minds. Utilizing calling or texting services can be extremely beneficial.
- **Make staff and resources accessible.** Many participants are inherently reluctant to seek out assistance or support, even when they feel overwhelmed or discouraged. Program staff should emphasize to participants that they are available to offer assistance and back up this promise with visible policies and practices, such as setting standard "office hours" or designated call in times.
- **Be aware of participants' expectations.** While many participants who drop out of the program will do so because they feel discouraged or overwhelmed, some participants may leave because the experience is not what they expected. There is little that

programs can do to prevent these losses other than to explain clearly from the outset what IDA participant involves and to attempt to monitor participants' levels of satisfaction. Basic steps, like requesting participant evaluations of trainings (Financial Education or Asset Goal-Specific) or making occasional "check in" phone calls, can also help.

- **Foster successful peer support groups.** Fellow IDA participants can be one of the most effective sources of support and "preventive medicine" for participants; IDA holders can support one another especially well because all participants appreciate the difficulties of living and saving on a low-income.

## **SECTION 300: Participant Application, Eligibility and Acceptance**

Once all of the initial program steps are taken, an IDA Administrator should spend the first few months of the IDA Award term developing a list of potential IDA participants, if that wasn't already completed prior to the start of the award term.

### **301 Information Meeting**

Potential participants can be identified using various outreach strategies. Once one or more participants have been identified and have expressed interest in the IDA program, the next step is usually to host them at Information Meetings. The goal of the Information Meeting is to provide prospective participants with the information necessary to make an informed decision, to do a bit of "self-selection" and determine his or her level of interest in participating in the IDA program.

The agenda of the orientation should include the following:

- Program requirements and expectations including regular saving plan deposits
- Overview of Financial Literacy and Asset Goal Specific Training requirements
- A list of any out-of-pocket expenses that will be required
- Question and Answer Time

Information meetings can be offered individually or in group sessions as well as in conjunction with other aspects associated with the program such as scheduled training sessions or an agency "open house". In addition to or in conjunction with the information meeting, each prospective participant should go through an initial interview and screening process to review the participant's eligibility and their readiness for the program.

### **302 Application Materials**

Once any initial eligibility screening has taken place, the prospective participant should receive an IDA application or be directed to the online application to complete.

A prospective participant who wishes to have his or her IDA application accepted for review must submit all the following documents as part of his or her IDA application submission:

1. IDA Participant Application
2. Proof of income for entire household
  - a. At least some of the applicant's income must be from earned income (defined below)
  - b. Household income must be below 200% of the most recent Federal Poverty Guidelines
3. Zero Income Affidavit, if applicable for household member
4. Documentation validating state residency
5. Documentation validating Social Security Number
6. The 'No Previous IDA Account Affidavit,' signed by the applicant and all their household members

7. A copy of their credit score, which cannot be more than 30 days old prior to the application

If a prospective participant turns in application materials at different times, all materials must be collected and dated within 30 days of the first item that was turned in.

### **303 Client Eligibility Criteria (Point-in-Time)**

Once all application items have been submitted, the IDA program administrator will review all documents to determine the eligibility of the prospective participant against program requirements. While determining eligibility, the IDA administrator should look for any potential barriers that may hinder the prospective participant's ability to successfully complete the program and purchase the desired asset.

At the time of application, an eligible prospective participant must meet the following requirements:

- Household income must be at 200% or below the Federal Poverty Level (using the most recent federal guidelines not the program year)
- Must have earned income at least equal to the amount of his/her annual savings obligation
- Must be a resident of the state of Indiana
- Must have a valid Social Security Number
- Must NOT have established an IDA account previously nor can any other household member have established an IDA account
- Must meet any additional requirements required by the IDA Administrator (i.e. service area limits, specific target population and any other requirements set by the administrator).

If an individual is accepted into the program, and at some point during their participation their income or household makeup changes, or they move elsewhere within the state, they are not automatically disqualified from the program. However, if they move out of state, they will need to be terminated from the program, which is covered in section 700.

### **304 Participant's Earned Income**

Earned Income is a major factor in determining eligibility. **If the prospective participant does not have earned income, he or she will not be eligible for the IDA program.**

Earned Income, as defined by the Internal Revenue Service (IRS), is "all income from employment, but only if it is includable in gross income." Earned income generally includes all taxable income which individuals receive from working--income that is not taxable generally does not count as earned income.

Examples of earned income include:

- Taxable wages, salaries and tips
- Taxable income from self-employment

- Gross income received as statutory employee
- Federal Program Stipends such as AmeriCorps or Senior Aides

Excluded from consideration as earned income are:

- Alimony and Child Support
- Welfare Payments such as TANF
- Social Security Disability Income (SSDI)
- Supplemental Security Income (SSI)
- Interest and Dividends
- Pension and Annuities
- Worker's, Unemployment and Veteran's compensation benefits
- Salary deferrals, such as contributions to 401(k) plans, Federal Thrift Savings Plan income.
- Adoption assistance

Once a prospective participant has been accepted into IHCD's IDA Program and becomes an IDA participant, an IDA participant may not be disqualified due to changes in income, unless there is evidence that the IDA participant or a household member supplied fraudulent application information.

If a participant loses their job during the course of their IDA participation, this will not lead to their automatic disqualification. The IDA administrator should work with the participant to figure out if continuing the program is in the participant's best interest, and if so, whether or not the participant's plan to meet their savings obligation should be adjusted.

### **304.1 Earned Income Documentation**

The most acceptable forms of documentation of earned income include:

- Copy of the most recent two (2) weeks of consecutive pay stubs
- Copy of the prospective participant's most recent Federal tax return, filed less than three months prior to date of application, unless applicant is self-employed, in which case the tax return can be the one most recently submitted.

If neither of those forms of documentation are available, the following can be used:

- Salary, wage statements or W-2 forms
- Third-Party Verification of employment income (i.e. Workforce Development Wage Determination, signed statement by employer, etc.)
- A statement signed and dated by the prospective participant or his/her parent/guardian, in the case of minors, that the prospective participant does have earned income such as an allowance. **NOTE: A statement should be placed in the case file by the IDA Administrator explaining why a self-declaration was used. This method of documentation should be used only when it is not possible to use one of the above methods.**

## **305 Household Income**



To be eligible for an IDA account, an applicant’s **household** income must be at or below 200% of the Federal Poverty Guidelines.

### 305.1 Federal Poverty Level

The chart below displays the maximum household income allowed based on household size using the 2019 Federal Poverty Guidelines. IDA Administrators should use the most up-to-date Federal Poverty Guidelines when income-qualifying a household. The figures below will most likely go out-of-date in early 2021, and new guidelines should be found online.

2020		Maximum Household Income Allowed (200% FPG)		
Household Size	100% Poverty Guidelines	Annually	Monthly	Bi-Weekly
1	\$12,760	\$25,520	\$2,126.67	\$981.54
2	\$17,240	\$34,480	\$2,873.33	\$1,326.15
3	\$21,720	\$43,440	\$3,620.00	\$1,670.77
4	\$26,200	\$52,400	\$4,366.67	\$2,015.38
5	\$30,680	\$61,360	\$5,113.33	\$2,360.00
6	\$35,160	\$70,320	\$5,860.00	\$2,704.62
7	\$39,640	\$79,280	\$6,606.67	\$3,049.23
8	\$44,120	\$88,240	\$7,353.33	\$3,393.85
<i>For each additional person over 8 add:</i>	\$4,480	\$8,960		

### 305.2 What Constitutes a Household

The Federal government defines a household as all individuals who share use of a dwelling unit as primary quarters for living and eating separate from other individuals. Household members benefit from shared income and resources and contribute financially to each other’s needs and expenses. This designation may include the prospective participant, his or her dependents and other household income contributors such as a spouse, partner, ex-spouse or ex-partner, parents or other relatives.

Determining the number of people in the household does not always equate to the number of people living in the residence. Individuals may live in the same dwelling, but not share financial resources or benefit from each other’s income.

**Example:** Two people living in a home, dividing costs of rent, utilities, and food, who do not pool resources for savings or shared investments or assets would not count each other in determining household size or income. This may include relatives or friends who live together in a residence but who are considered as separate and independent from each other financially.

Conversely, two individuals may live in separate residences but share income, expenses and resources, including cases in which one person is supporting another financially or is a legal dependent. In such cases, the individuals would be considered a household unit.

**Example:** A college student who is living in a dorm but is claimed as a dependent on his/her parent's tax return should be treated as a member of his/her parents' household.

After determining household members, the total household income can be calculated.

### **305.3 Household Income Determination**

To determine a prospective participant's household income, IDA Administrators must follow the following steps:

**Step 1** - Identify income consistency for each household member based upon the provided income documentation:

- If income is inconsistent (hours, pay or overtime varies from week-to-week) continue the process using the previous year's signed Federal tax return or other documentation listed above (as necessary).  
**OR**
- If income is consistent (hours and gross pay remain the same week-to-week), then continue the process using employer pay stubs or equivalent or other documentation listed above (as necessary).  
**OR**
- If participant has been income-qualified for a program with the same or stricter income qualifications within the previous three months, the Administrator *may* use that as proof of **household** income qualification for IDA. See section below for more information.

**Step 2** – Input data on the IHEDA Income Calculation Worksheet to determine the total annual income for EACH household member.

If, at the time of application, the prospective participant or any of his/her household members have more than one job, you must treat each job separately (as an individual) for purposes of completing the Income Calculation Worksheet.

- **Income Calculation Worksheet** Tab Summary: The following is a summary of the uses of each tab on the ICW. Please note that any areas on the spreadsheet that have blanks are meant to be filled, otherwise, the cells will auto-calculate based on the fillable information.
  - “Eligibility Summary Tab”  
Enter the participant name and date of completion. The remaining information will auto-calculate from all other tabs to determine where a participant is eligible to participate in the IDA program.

PARTICIPANT ELIGIBILITY SUMMARY				
Name:				
Date Completed:				
Household Size:				
200% based on HS:	\$0.00			
Household Income:	\$0.00			
Income Eligible?	No			
<b>2019</b>		<b>Maximum Household Income Allowed (200% FPG)</b>		
Household Size	100% Poverty Guidelines	Annually	Monthly	Bi-Weekly
1	\$12,490	\$24,980	\$2,081.67	\$960.77
2	\$16,910	\$33,820	\$2,818.33	\$1,300.77
3	\$21,330	\$42,660	\$3,555.00	\$1,640.77
4	\$25,750	\$51,500	\$4,291.67	\$1,980.77
5	\$30,170	\$60,340	\$5,028.33	\$2,320.77
6	\$34,590	\$69,180	\$5,765.00	\$2,660.77
7	\$39,010	\$78,020	\$6,501.67	\$3,000.77
8	\$43,430	\$86,860	\$7,238.33	\$3,340.77
<i>For each additional person over 8 add:</i>	\$4,420			

- “Income Calculation Tab”  
This tab will be used for individuals with consistent income. Generally, this is the majority of participants applying for the IDA program. The IDA Administrators should enter the gross amount for 2 paystubs on the Income Calculation Worksheet. Administrators will not have to enter any additional information for the section as the spreadsheet auto-calculates eligibility based on program guidelines. **Do not use the “Income Tax Return” tab.**

Indiana Housing & Community Development Authority						
Individual Development Account Eligibility Calculation Form						
>	Required Documentation		Two most recent and consecutive pay stubs			
>	Instructions: Enter in the gross income amount on each check. The annual income will auto-calculate.					
Head of household income when paid:			Check 1	Check 2	Annual	
>	Weekly: Auto-calculated on average gross income of two pay stubs multiplied by 52				\$0.00	
>	Bi-Weekly: Auto-calculated on average gross income of two pay stubs multiplied by 26				\$0.00	
>	Bi-Monthly: Auto-calculated on average gross income of two pay stubs multiplied by 24				\$0.00	Total
>	Monthly: Auto-calculated on average gross income of two pay stubs multiplied by 12				\$0.00	\$0.00
Household Member 2			Check 1	Check 2	Annual	
>	Weekly: Auto-calculated on average gross income of two pay stubs multiplied by 52				\$0.00	
>	Bi-Weekly: Auto-calculated on average gross income of two pay stubs multiplied by 26				\$0.00	
>	Bi-Monthly: Auto-calculated on average gross income of two pay stubs multiplied by 24				\$0.00	Total
>	Monthly: Auto-calculated on average gross income of two pay stubs multiplied by 12				\$0.00	\$0.00
Household Member 3			Check 1	Check 2	Annual	
>	Weekly: Auto-calculated on average gross income of two pay stubs multiplied by 52				\$0.00	
>	Bi-Weekly: Auto-calculated on average gross income of two pay stubs multiplied by 26				\$0.00	
>	Bi-Monthly: Auto-calculated on average gross income of two pay stubs multiplied by 24				\$0.00	Total
>	Monthly: Auto-calculated on average gross income of two pay stubs multiplied by 12				\$0.00	\$0.00
Household Member 4			Check 1	Check 2	Annual	
>	Weekly: Auto-calculated on average gross income of two pay stubs multiplied by 52				\$0.00	
>	Bi-Weekly: Auto-calculated on average gross income of two pay stubs multiplied by 26				\$0.00	
>	Bi-Monthly: Auto-calculated on average gross income of two pay stubs multiplied by 24				\$0.00	Total
>	Monthly: Auto-calculated on average gross income of two pay stubs multiplied by 12				\$0.00	\$0.00
Total Household Income:					\$0.00	

- “Income Tax Return Tab “  
This tab is only to be used for inconsistent income (seasonal, part-time, etc.) and the “Income Calculation” tab should not be filled in if using this tab. **Do not use the “Income Calculation” tab.**

<b>Income</b>	<b>Head of Household</b>	<b>Household Member 2</b>	<b>Household Member 3</b>	<b>Household Member 4</b>
Wages, salaries, tips, and other				
Net earnings from self-employment				
Taxable interest				
Dividends				
Taxable refunds, credits or offsets of				
Alimony				
Business income (or loss)				
Capital gain (or loss)				
Other gains (or losses) (i.e., assets				
Taxable amount of individual				
Taxable amount of pensions and				
Rental real estate, royalties,				
Farm income (or loss)				
Unemployment compensation				
Taxable amount of Social Security				
Other income				
<b>Total/Household Member</b>	\$0	\$0	\$0	\$0
<b>TOTAL HOUSEHOLD INCOME:</b>	\$0			

### 305.4 Zero Income Affidavit

If the Administrator is calculating household income, documentation MUST be provided for all adult household members, to show ALL income for the household. If there is an adult household member that does not have any income, they must sign the Zero Income Affidavit provided in the Appendix.

The only exception to this is for the situation outlined in the next section.

### 305.5 Presumptive Eligibility Based on Other Program Participation

Many other programs have similar or stricter requirements when it comes to household income and documentation to verify that income. In order to decrease burden on Administrators, IHEDA will allow participation in such programs as verification of household income eligibility if the IDA applicant was accepted into that program within three months of applying to IDA.

If Administrators use this option, they MUST still check that the IDA participant has earned income, as that is not a requirement in most other assistance programs.

Administrators must create clear internal guidelines on which programs they will accept as verification of income eligibility and when; those guidelines must include proof that the current requirements of the other program match or are stricter than IDA requirements.

Examples of programs that IHEDA recommends Administrators consider include the Energy Assistance Program (EAP), Weatherization, and SNAP. If an Administrator has questions about

using those or any other programs as proof of household income, they should send those questions to IHCD staff.

### **306 Residency Documentation**

An IDA participant must be an Indiana resident and shall maintain residency in Indiana until the individual development account is closed. Each Applicant must submit a copy of his or her current driver's license, State issued ID, or other residency identification as a part of their application.

### **307 Social Security Number Validation**

The IDA Applicant must present a valid social security number as a part of the eligibility process. The most acceptable form of is a **social security card**. However, other acceptable forms of documentation may be used as long as they are accompanied by photo identification (current or expired) to confirm the correct individual is associated with the SSN being supplied:

- A letter from the Social Security Administration
- A Social Security benefit letter is acceptable, as long as the full number is provided
- A benefit letter from another categorically eligible program, as long as the full number is provided
- Documentation from another categorically eligible program, as long as the full number for the participant is listed, such as, but not limited to:
  - Medicare Benefit Identification,
  - FSSA benefit letter,
  - U.S. Government Identification
  - Indiana Government Identification (photo ID with SSN- i.e. Dept. of Corrections or an expired driver's license.)
  - Benefit Statement
  - W-2 or 1099 with original signature

According to the Social Security Administration, noncitizens may apply for a Social Security number if they have permission to work in the United States by the Department of Homeland Security. SSN documentation that reads, "Authorized for work use only," are acceptable. Individual Tax Identification Numbers (ITIN) numbers cannot be used in lieu of a social security number. Intentionally invalid SSN entry, Tax forms, other than a W-2 or Self-prepared tax forms (i.e. 1040, Income Withholding, etc.) cannot be used.

All IDA Administrators are required to retain a copy of the documentation used to verify the SSN. The documentation may be stored in the IDA participant's file or a separate file. However, the IDA Administrator must strike out all but the last four digits of the SSN if the copy is retained in the IDA participant's file.

### **308 Previously Established IDA Accounts**

One of the eligibility criteria for an IDA account is that an Applicant cannot have opened an IDA account previously. This applies even if the individual did not complete the IDA program in the past.

Because the Indiana Code states “only one (1) member of a qualifying individual's household may establish an account,” no household member of the Applicant’s household can have opened an IDA account in the past as well.

To make sure this requirement is met, all working-age members of an applicant’s household must sign the No Previous IDA Account Affidavit.

### **309 Age Requirement**

Indiana does not have a minimum age requirement to be eligible to participate in the IDA program.

### **310 Credit Score**

An updated credit score is necessary as a part of the application process and then as part of the graduation process in order to show the impact of the IDA program on the participant over time. There are several free options for pulling a participant's credit score and pulling it should not affect the score.

The credit score should also be used to highlight any financial difficulties the IDA participant is facing that should be addressed during the program via credit counseling or other services.

### **311 Accounts for Agency Staff**

The IDA Administrator is allowed to use some of the awarded participant slots for agency staff who meet the program criteria. The total number of employee accounts must equal or be less than three (3) accounts or ten percent (10%) (whichever is less), of the total participant accounts awarded on the IDA Agreement, unless otherwise approved by IHCD.

In order to approve a staff member into the IDA program, the IDA Administrator MUST have written guidelines for how that application, account and asset purchase will be treated. That staff member CAN NOT be the only staff member working in the IDA program. The staff member must work with another program (or programs) at the organization, OR if the staff member works in the IDA program, their application and program materials must be reviewed and approved by another staff member that works with the IDA program.

### **312 Participant Readiness**

Not every eligible prospective participant is an ideal candidate for the IDA program. Certain barriers that may impede a prospective participant’s ability to save should be taken into consideration when screening prospective participant’s for acceptance. The seriousness and ability of the program applicant to actively save should be a factor in the review process before assigning an individual to one of the Administrator’s IDA slots.

IDA Administrators must take the time to assess the true readiness of the prospective participant, the characteristics which may adversely affect an individual’s ability to save, and determine if an individual is currently suitable for acceptance into the IDA program

IDA Administrators should see if prospective participants have the following when determining readiness:

- Long-term goals?
- A clear asset purchase in mind?
- Stable employment?
- Desire and willingness to address credit issues which may hinder his or her ability to purchase an asset(s)?
- The ability to make routine deposits, as set forth in the savings plan agreement, after the household's basic living expenses have been met?
- Desire and willingness to successfully complete Financial Education and other Asset-Goal Specific Training?
- The ability to participate in direct deposit?

Additional guidelines for assessing an applicant's suitability for the IDA program include:

- Prospective participants who demonstrate a high level of interest and motivation as well as an ability to participate in Financial Education Training and /or Financial Coaching should receive priority.
- Self-selection is an important criterion. If a prospective participant is interested in the IDA program and enthusiastic about the concept of asset building and IDAs, chances are he/she will make a good participant.
- Be careful of making assumptions based on income levels. Income is not a direct indicator of savings ability. Some participants with the lowest incomes have demonstrated a greater aptitude for saving.
- Consider prospective participants who are currently enrolled or have been enrolled in other programs at your agency. There is an increased level of trust, rapport, and understanding of the household's overall needs.
- If the entire family is enthusiastic about the IDA program, it will increase the likelihood of success. The determination of one member of the family to change behavior around savings and spending can be undermined if their spouse/partner or children constantly sabotage the process.

The **Applicant Readiness Assessment Tool** located in the Manual Appendix will assist the IDA Administrator with determining whether the IDA applicant has the capacity to take on a full savings program. If now is not the right time for them, direct them to resources at your organization or community partners that can help them move closer to their goals.

If the Administrator does not feel that the applicant is ready to participate in the IDA program, they have the option to waitlist or deny the applicant, although the Administrator **MUST** be able to show the reason for their decision **AND** the participant must be able to appeal the decision following the process in Section 900. **Waitlisting or denying an applicant that isn't ready to complete the program is very important, because anyone that starts but does not complete the IDA program will NOT be eligible to participate in the IDA program in the future.**



### **313 Eligibility Determination Timeline**

After receiving a completed application, the IDA Administrator will have seven (7) business days to make an eligibility determination and alert the prospective participant of one of the following, in a letter sent via mail or email:

- The participant is eligible and can start in the program immediately
- The participant is eligible but must be put on a waiting list
- The participant is eligible but the administrator has denied their application (reasons why must be included)
- The participant is not eligible and cannot participate in the program at this time (reasons why must be included)

#### **313.1 Participant Waitlist**

A prospective participant may be placed on the “Wait List” for one of two reasons:

- The agency does not have funding available to support the participant for the project period
- The participant meets most of the eligibility requirements but needs to remove barriers that will impede successful completion of the program

If a potential participant is deemed eligible but is put on a waitlist for longer than 6 months, they must resubmit their income and credit score again, along with any other time-sensitive information.

Individuals placed on a waitlist should be encouraged to complete Financial Education Training prior to acceptance into IHCD’s IDA Program, as this is a great method of screening the enthusiasm and seriousness of potential IDA participants.

#### **313.2 Participant Denial**

A prospective participant may be denied for one of two reasons:

- The participant does not meet minimum program requirements
- The participant meets most or all of the eligibility requirements but would otherwise not be a good fit for the IDA program.

If a potential participant is denied, the IDA Administrator **MUST** provide reasons why, and **MUST** provide information on the appeals process, as outlined in Section 900 of this manual.

### **314 Project Period for Saving, Asset Purchase and Claims**

Each IDA participant will have until the end of the term for their program round **to save, receive match and make an asset purchase**. By the end of the that program round, the IDA participant will either have graduated or will automatically terminate from the IDA program.

Despite program rounds lasting for four years, IHCD still considers IDA to be a three-year program in terms of participant savings. The remaining year should be utilized by the program administrator to enroll participants at the beginning, and then complete asset purchases and account closeouts at the end of the round.

IDA Administrators have 45 days after the end of their award agreement to close participant accounts and to submit admin claims.

This project period may be mentioned as a “savings period” or “eligibility period” for IDA participants. The end date for the period MUST be explained to the participant when they are accepted into the program.

## **315 Beneficiary Designation**

Upon acceptance into the IDA Program, each IDA participant must designate an account beneficiary in the event of his or her death. In the event of a participant’s death, the administering agency will distribute the balance of the personal savings and matching funds, as appropriate.

### **315.1 Beneficiary is a Family Member**

If the beneficiary is a family member, and qualifies for an IDA account, they may elect to join the IDA program using both IDA savings and matching funds from the original participant. They must elect to do this within 90 days of the original participant’s death. In that case, they will be subject to the same award manual and rules that the original participant was subject to and must finish saving and making a purchase by the end of that award term. At that point, the beneficiary will be considered a regular IDA participant, which means they will be ineligible for another IDA in the future, regardless of whether or not they successfully complete the program.

If the beneficiary elects not to join the IDA program, they will receive the balance of the deceased participant’s saved funds within 90 days of the death. The match funds from that participant must be returned to IHCD. The beneficiary would be eligible for an IDA in the future, since they did not benefit from the IDA program.

### **315.2 Beneficiary is Not a Family Member**

Conversely, when the designee is not a member of the IDA participant’s family, all matching funds are forfeited and returned to IHCD, while any personal savings will be transferred directly to the beneficiary within 90 days of the participant’s death. The beneficiary would be eligible for an IDA in the future, since they did not benefit from the program.

## **316 Savings Plan Agreement**

When an applicant is accepted into the IDA Program, one of the first things they and the IDA Administrators will need to do is complete and sign a Savings Plan Agreement.

The Savings Plan Agreement (“SPA”) reflects a commitment between the IDA Administrator and the IDA Participant and outlines the IDA participants and IDA Administrators’ roles and responsibilities.

The SPA outlines the following program requirements:

- Eligibility and Savings Period
- How a bank account is established
- Minimum savings deposit requirements
- Required trainings and workshops
- Uses of funds
- Savings and Purchase timeline
- Budget Workplan
- Withdrawal process
- Terms and Conditions
- Program Evaluation Consent
- Beneficiary Designation
- Roles and Responsibilities of the IDA Program Administrator

The SPA **must** be signed before a participant opens the IDA and is a mandatory part of the IDA program. The IDA participant should receive a copy of his/her SPA upon execution.

The IDA accounts should be opened within four weeks of the participant signing the SPA.

## **SECTION 400: Savings Account Requirements**

Savings is the means to successfully purchase the desired asset. The information below details the methods used to assure the funds saved are available when needed.

### **401 Participant Bank Account Structure**

Once accepted into the IDA program, and after signing a Savings Plan Agreement, two interest-bearing savings accounts at IDA Administrator's the chosen financial institution with will be opened for each IDA participant.

IDA participant savings accounts are "custodial accounts" that are jointly owned by the IDA participant and the IDA Administrating Agency. The accounts should be in the name of the IDA participant with the Administrating organization (not a specific employee); listed as the custodian. As a custodial account, the IDA participant will have no direct access to the personal savings or matching funds other than his or her deposits; all other transactions must be coordinated through the IDA administrator.

If a financial institution provides direct access to an IDA participant without prior approval, then the IDA Administrator or the IDA participant must report the partnering financial institution to IHCDCA immediately.

### **402 Banking Features**

IDA participants shall make regular deposits at designated locations as specified by the partnering financial institution and the IDA Administrator. **IDA participants may not make withdrawals without the written consent of the IDA Administrator via the Asset Purchase Withdrawal Form.**

Each IDA must be fully restricted from the participant being able to make withdrawals or any other changes via ATM, telephone and online banking service features. This control has been put in place to ensure the safety of IDA participant funds (both individual and match) and to secure the integrity of the IDA Program.

IDA participants will receive monthly bank statements that detail deposits into the personal savings and match accounts. These deposits must be matched with state funds claimed in IHCDCAOnline at least quarterly for compliance with IHCDCA.

### **403. Initial Enrollment Deposit**

To enroll into the IDA Program, IDA participants are required to open an IDA with an initial deposit of at least twenty-five (\$25) dollars. IDA Participants are eligible to receive matching funds after their initial deposit is made.

### **404 Match Eligibility**

The eligibility requirements to receive matching funds are:

- Submission of a completed IDA Application Packet and the required eligibility documentation

- Used earned income as the source of funds on deposit
- Started financial education training
- In compliance with his/her Savings Plan Agreement
- Deposited at least \$25

IDA participant deposits will be matched at a rate of 3:1. The IDA participant may save up to \$1,500 and receive matching funds up to \$4,500 depending on the total amount of his or her deposits.

IDA Administrators must match funds at least quarterly.

### 405 Regular Savings Deposits

Each IDA participant can save a maximum of \$1,500 while participating in the IDA program. That savings goal should be divided into weekly, monthly, quarterly, semi-annual, or annual savings goals per year. Each IDA participant is strongly encouraged to make regularly (consistent) scheduled deposits into his or her personal savings account. IDA Participants should choose which savings plan will be most conducive to their life situation.

Typical annual saving plan options:

- |                                  |  |
|----------------------------------|--|
| 1. Regular Weekly Deposits       | <i>(approximately \$9.62/weekly)</i>           |
| 2. Regular Bi-Weekly Deposits    | <i>(approximately \$19.23/bi-weekly)</i>       |
| 3. Regular Semi-Monthly Deposits | <i>(approximately \$20.83/per deposit)</i>     |
| 4. Regular Monthly Deposits      | <i>(approximately \$41.67/month)</i>           |
| 5. Regular Quarterly Deposits    | <i>(approximately \$125/ per three months)</i> |
| 6. Twice a Year Deposits         | <i>(approximately \$250/per six months)</i>    |
| 7. Once a Year Deposits          | <i>(approximately \$500/per year)</i>          |

IDA administrators should make their participants aware that while they can save more than \$500 a year, any amount over \$800 cannot be matched by IHCD until the next program year starts July 1<sup>st</sup>.

Overall savings plan to reach the IDA Program goal using the recommended three-year savings period:

Program Year	Participant Savings	Participant Match	Total Savings
Year 1	\$500	\$1,500	\$2,000
Year 2	\$500	\$1,500	\$2,000
Year 3	\$500	\$1,500	\$2,000
Total	\$1,500	\$4,500	\$6,000

### 406 Deposit Options

IDA participants have three options for making personal savings deposits to their IDA:

**Option 1:** An IDA participant may arrange to have regular savings deposits made via direct deposit from his or her paycheck into his or her IDA. This is a great option, because it saves time, eliminates trips to the bank, and ensures that deposits are made automatically and on a regular basis.

**Option 2:** If an IDA participant's employer does not offer direct deposit, he or she can set up automatic payments from another of their savings or checking account to his or her IDA. Like direct deposit, this saves time, eliminates trips to the bank and ensures regular, timely deposits. **IDA participants are advised to make sure funds are always available on a monthly basis for the automatic transfer.**

**Option 3:** If an IDA participant is unable to set up regular electronic deposits, he or she must visit the partnering financial institution in order to make deposits. Since IDA accounts are not set up to have access to ATMs, or online banking the IDA participant will need to make his/her regular savings deposits during regular business banking hours.

#### **407 Maximum Match from IHCD**

The IDA program is a 3-to-1 dollar match, so that once participants have saved \$1,500, they will be matched with \$4,500 in state funds. However, IHCD can only match \$2,400 per program year. So, if a participant deposits more than \$800 within one program year (July-June of year 1), anything over \$800 will be matched starting the following year (July year 2).

#### **408 Savings Account Deposits and Benefits**

According to state regulations, IDA participants may not be taxed on any interest earned in their IDA (IC 4-4-28-14), nor can money in their IDA account be considered an "asset" when determining eligibility for TANF benefits or as a countable asset, as defined in IC 12-7-2-44.6 (IC 4-4-28-17).

#### **409 Account Garnishment**

Federal law prohibits creditors from seizing federal assistance payments for programs such as Social Security, Supplemental Income (SSI) and veterans benefits. However, these laws do not apply to IDA accounts. That said, while banks may garnish funds held in an individual IDA account, banks may not garnish match funds, funded through the IDA program.

Effective May 2011, new Federal Laws require that banks comply with existing anti-garnishment laws. Under these regulations banks are now required to determine whether or not public assistance funds have been deposited into a beneficiary's account. This means, while match funds may be safe, personal savings may not, thus match funds may be recaptured by IHCD.

### **SECTION 500: Training and Counseling Requirements**

Once an individual is accepted into the IDA program and their accounts are set-up, the next step is to ensure they are connected with Financial Education and Asset-Specific Trainings.

Both types of trainings are required as a part of the IDA program, and it is the Administrator's responsibility to enforce the following:

1. Both training types must be completed within the participant's first year in the program
2. Both training types must be completed before the participant makes their first withdrawal.

## **501 Required Financial Education Training**

The purpose of financial education training is to help IDA participants further develop money management strategies and techniques. To do so, IDA Administrators must provide Financial Education to all IDA participants. IHCD does not have a required curriculum for administrators to follow; the curriculum(s) administrators use must be approved by IDA as a part of their application to become an administrator.

IDA Administrators may choose to accept documented Financial Education that was completed prior to the participant joining the IDA program, up to a year prior.

The financial education curriculum should include the following topics:

- Setting long- and short-term goals
- Developing household budgets
- Developing systems to keep records for budgeting and income tax purposes
- Identifying how, why and when to use credit
- Repairing negative credit histories
- Determining why, where and when to use financial institutions
- Using tax credits to increase financial security (e.g. EITC, CCTC etc.)
- Financial goal setting: money values
- Income determinations and budgeting
- Consumer credit rights

IDA administrators may facilitate financial education through individual or group meetings or the IDA Administrators may refer clients to training partners or programs within the local community. All completed financial education must be documented in the IDA participant's file. Participant's completion of the financial education will be verified during compliance visits by IHCD.

IDA Administrators may also use online financial education as an alternative training option for IDA participants who are unable to complete in-person training options.

If an IDA participant chooses to complete an online course, the IDA participant must provide copies of completion certificates from the training entity to confirm that the training has been completed. Agencies should not recommend online training courses to the IDA participants that do not provide completion certificates.

## **502 Required Asset-Specific Training**

In addition to basic financial education training, each IDA participant is required to complete asset-goal specific training, as appropriate for the IDA participant's asset purchase. IHEDA does not have a required curriculum for administrators to follow; the curriculum(s) administrators use must be approved by IDA as a part of their application to become an administrator.

IDA Administrators may facilitate asset goal specific training through individualized or group meetings. Or, the IDA Administrator may refer clients to training partners or programs within the local community. All completed asset goal specific training should be documented in the IDA participant's file.

Below are some topics that IHEDA recommends be included with Asset-Specific Training.

#### **Homeownership Counseling**

- Learn how much house you can afford
- Understand what a sub-prime loan is and how to recognize predatory lending practices
- Learn where to look for down payment and closing cost assistance
- Learn how to qualify for Next Home, Next Home with Mortgage Credit Certificate, Mortgage Credit Certificate, My Home Conventional, or other USDA loan programs
- Understand the settlement process
- Get tips on how to maintain your home
- Learn how to avoid foreclosure

#### **Small Business Training**

- Identify potential customers and target markets
- Develop a business plan – **this is a requirement for this type of asset purchase!**
- Develop a marketing plan
- Learn how to track the cash flow of your business
- Learn about different types of small business loans
- Learn what professional resources are available

#### **Higher Education and Career Counseling**

- Meet with a counselor to discuss your education/career goals
- Write an education/career plan
- Get assistance with the college search and application process
- Learn about local job training programs and services
- Learn to identify different grants and scholarships which can help subsidize the cost of your education

#### **Owner-Occupied Repair**

- What is a licensed and insured contractor
- How to find a reliable contractor
- How to hire a contractor



- How to avoid predatory practices involving home improvement contractors
- Obtaining multiple (at least two) estimates and cost comparison techniques to assure an “Apples to Apples” review
- Asking for three references and developing a list of appropriate questions to ask that will assist in identifying the best contractor for the participant
- Researching contractors on the internet and social media as well as State and local resources such as the Better Business Bureau and local builders association
- Do-it-yourself repair projects
- Basic hand tools for the beginner
- Reviewing and signing the contract including potential “red flags”
- How to add value to a home

### **Motor Vehicle Purchase**

- How to use the Kelly Blue Book
- Where to obtain an auto loan and how to avoid predatory lending
- Tips and precautions regarding auto dealers
- What to observe during a test drive
- Basic auto maintenance overview
- Obtaining multiple (at least two) Auto Insurance quotes and cost comparison techniques to assure an “Apples to Apples” review;

## **304.1 Asset-Specific Training for Multiple Assets**

Participants are allowed to use their IDAs for more than one asset. It is recommended that a participant has a primary asset that they’d like to purchase, which is how their account will be categorized. However, if they have funds remaining after they have finished qualified withdrawals related to their primary asset, they may make withdrawals towards another asset type. In that case, **the participant MUST complete Asset-Specific training for BOTH asset types**, and they must wait to make a withdrawal for the second asset-type until training for that asset-type is completed.

**Example 1-** the participant is purchasing a home where it has been determined additional IDA funds will be remaining. The participant decides to use the remaining funds on owner occupied repairs. The participant must complete training for **both** Homeownership Counseling and Owner-Occupied Repair.

**Example 2-** the participant is purchasing a vehicle. After the purchase, there are unexpected additional IDA funds still available, so the participant decides to use those funds for education. The participant originally would have completed training for a Motor vehicle Purchase. The participant must now complete training for Higher Education or Career Counseling.

## **503 Additional Financial Coaching or Credit Counseling**

In addition to financial education and asset-specific training, IDA Administrators may provide or connect IDA participants with additional financial coaching and/or credit counseling.

IDA Administrators may refer IDA participants to an individual case manager, financial coach or credit counselor to provide individualized support and assistance to enhance the financial education process and reduce barriers to program success.

IDA Administrators may also use “Savings Clubs” as a group approach to supporting the financial education, although they shouldn’t be used in place of other forms of financial education. Peer groups, or Savings Clubs, can:

- Offer IDA participants support from other people who understand through firsthand experience the challenges of long-term saving on a low income
- Provide a mechanism for IDA participants to meet regularly, refocus on their IDA goals and reflect on their progress and setbacks
- Help IDA participants develop strong personal ties with other savers and become invested in one another’s success
- Be a valuable form for resource sharing and joint problem solving
- Instill in IDA participants a feeling of accountability to one another

## **504 Case Management**

Pairing case management with the financial coaching/counseling and training provides the IDA participant with a comprehensive and intensive experience. IDA Administrators may identify case managers to track the overall process of the IDA participant’s goals and savings plan agreements as well as assist the IDA participant with reducing barriers to success.

IDA Administrators may consider a few approaches when developing and implementing a case management program, including but not limited to:

- LIHEAP’s Family Development Program
- Housing Choice Voucher’s Family Self Sufficiency Program

## **SECTION 600: Asset Purchase Process**

IDA Participants must use their IDA personal savings and match funds for qualified asset purchases. These purchases are made to one or multiple third-party eligible vendors (businesses) who are not related to the participant.

### **601 Eligible Purchases**

The following asset-types are the only allowed uses for Indiana IDA funds, according to Indiana Code 4-4-28-16:

#### **1. Purchase a Primary Residence**

Funds may be used to purchase a primary residence located in Indiana for the IDA participant or his/her dependent. Qualified purchases include:

- Single site home
- Pre-fabricated house
- Condominium

The IDA participant (or their dependent if the account is meant for them) must be listed on the Title and the mortgage, unless no mortgage exists.

If participants have purchased their home using IDA funds and have additional funds remaining, they may use this as a one-time principal reduction.

#### **2. Start, Purchase or Expand a Small Business (located in Indiana)**

Qualified expenses using IDA funds include:

- Stocking inventory
- Working capital
- Business equipment
- Marketing materials

**All participants working towards a business-related asset purchase MUST complete a business plan.** The business plan must include a description of the services or goods to be sold, a marketing plan, and projected financial statements. All business expenses that will be paid for with IDA funds must be included in the business plan. Additionally, funds may be used for purposes of marketing and other start-up costs, provided all expenditures follow an approved marketing and communications strategy within the business plan.

#### **3. Education and Job Training**

IDA funds may pay for costs associated with attending:

- Accredited institution of higher education
- Vocational school
- Accredited or a licensed training program that may lead to employment for the IDA participant or his/her dependent

Qualified expenses may include tuition (including registration fees), laboratory fees, books, room and board, supplies or equipment (including the purchase of a computer for educational use) and other costs associated with attendance for the participant or their dependent.

#### **4. Owner Occupied Rehabilitation to a Home (located in Indiana)**

IDA funds can be used to reasonably accommodate owner-occupied rehabilitation to the participant's primary home, property and its systems. For the purposes of IDA, rehabilitation means "the remodeling, repair, or betterment of real property in any manner or any enlargement or extension of real property" (IC 6-3.1-11-11).

The home must be the participant's primary residence and must be located in Indiana.

Allowable work under this asset-type includes work that repairs or improves the shell or essential systems of the home and work that addresses a health, safety or accessibility issue. In either case, the work should be a permanent fix, upgrade or improvement. Unallowable work would be anything that is done for cosmetic reasons.

Systems include the roofing & gutters, mechanicals (furnace & air conditioning unit including ductwork), electrical (service panel & wiring) and plumbing (including septic tank or sewer lines). This does not cover the contents of the home such as range, refrigerator, dishwasher, built in microwave, washer, dryer, soft water system, hot tub, , etc.

These questions should be asked to assist in determining if the repair or replacement is acceptable. The answer should be yes to at least one of the questions:

1. Is it a necessary repair that effects the shell of the home?
2. Is it a permanent fix, upgrade or improvement?
3. Is it related to a documented health and safety or accessibility issue?
4. Is it for non-cosmetic reasons (i.e. curb appeal)?

#### **IHCDA Recommendations for OOR:**

- As a part of the approval process, the need for the work to be done should be supported with signed documentation from a certified professional, such as a housing inspector or a physician (for rehab related to health and safety).
- All work done should be completed by licensed contractors.
- All work done should meet the stricter of the Indiana State Building Code or local building codes.

#### **5. Motor Vehicle Purchase**

The Purchase of a motor vehicle is defined as a motor vehicle that is a documented necessity to:

- Transport the individual to and from work (employment)
- Post-secondary education
- Accredited or licensed training program
- Employment of the individual or a dependent of the individual in Indiana.

Appropriate documentation for the usage of a motor vehicle could include: calculation of long distances from the IDA participant's home to their place of employment or educational institution, bus schedules showing unreasonable time tables and connections, and the anticipation of increased wages due to more time on the job or access to better wages or employment due to reduced commuting time.

Funds can be used for the actual cost of the motor vehicle as well as one-time fees and taxes associated with the purchase of the motor vehicle. Motor vehicles may not be purchased through auctions. "Motor Vehicle" means, except as otherwise provided in this section, a vehicle that is self-propelled. The term does not include a farm tractor, an implement of agriculture designed to be operated primarily in a farm field or on farm premises, or an electric personal assistive mobility device

### **501.2 Ineligible Expenses**

Specific examples of ineligible asset purchases are listed in the next section, but the most common type of ineligible expense is to cover recurring payments associated with a loan or rental agreement that is in place prior to starting the IDA program. Expenses that fall under this include (but are not limited to):

- Lease payment
- Student loan payment
- Auto loan payment
- Home equity/improvement loan
- Construction loan payment
- Small business loan
- Mortgage payment

The one exception to this is for participants that purchase a home with their IDA. Once they cover all initial costs associated with purchasing the home (down-payment, settlement fees, inspection fees, etc.), if there are funds left over, those funds may be used for a one-time principal reduction payment.

## 602 Asset Purchase Quick Reference

	<b>Allowable Expenses</b>	<b>Unallowable Expenses</b>	<b>Payable To</b>	<b>Required Documentation</b>
Home Purchase (primary Residence)	<ul style="list-style-type: none"> <li>• Settlement fees</li> <li>• Financing /closing costs</li> <li>• Title insurance</li> <li>• Attorney fees</li> <li>• Inspection fees</li> <li>• Acquisition costs</li> <li>• Appraisal fees</li> <li>• Mortgage insurance</li> <li>• Other customary "pre-paid" expenses</li> <li>• One-time principal reduction (if home has been purchased with IDA funds)</li> </ul>	<ul style="list-style-type: none"> <li>• Homes purchased on Land Contract</li> <li>• Mobile home purchase</li> <li>• Rent-to Own</li> <li>• Lease-to-Purchase properties</li> <li>• General land acquisition</li> </ul>	The settlement IDA Administrator or title company.	<ul style="list-style-type: none"> <li>• Signed Settlement sheet</li> <li>• Good Faith Estimate</li> <li>• Home appraisal</li> <li>• Proof of completion of homeownership counseling</li> <li>• Evidence of any additional down payment assistance</li> </ul>
Education & Job Training	<ul style="list-style-type: none"> <li>• Tuition</li> <li>• Books and lab fees</li> <li>• Supplies or equipment (including purchase of a computer when directly related to a student's course work)</li> <li>• Room and board</li> <li>• Registration fees</li> <li>• Other costs associated with attendance, including those associated with study abroad, as long as classes abroad count towards a degree</li> </ul>	<ul style="list-style-type: none"> <li>• Pre-existing school debt</li> <li>• Rent</li> <li>• Extra-curricular activities</li> <li>• Reimbursement for any qualified or non-qualified expenses</li> </ul>	Vendor	<ul style="list-style-type: none"> <li>• Documentation of enrollment</li> <li>• Acceptance letter</li> <li>• Bursars' bill</li> <li>• Invoices</li> <li>• Evidence of submission of Education/Career Plan</li> </ul>
Small Business	<ul style="list-style-type: none"> <li>• Start-up inventory</li> <li>• Licensing fees</li> <li>• Supplies and equipment</li> <li>• Working capital</li> <li>• Marketing materials</li> <li>• Other expenses as included in an approved business plan</li> </ul>	<ul style="list-style-type: none"> <li>• Motor vehicle</li> <li>• Payroll</li> <li>• General funds</li> <li>• Other expenses not included as part of an approved business plan</li> </ul>	Vendor	<ul style="list-style-type: none"> <li>• Approved business plan</li> <li>• Copies of any relevant invoices or estimates</li> </ul>
Owner Occupied Repair	<ul style="list-style-type: none"> <li>• Energy-efficient upgrades</li> <li>• Roofing and windows</li> <li>• Water heater replacement</li> <li>• Electrical repairs</li> <li>• Insulation installation</li> <li>• Heating and cooling</li> <li>• Repairs to the shell of the house</li> <li>• Improvements for health, safety or accessibility issues</li> <li>• Other essential improvements</li> </ul>	<ul style="list-style-type: none"> <li>• Purchase of pool</li> <li>• Cosmetic rehabilitation</li> <li>• Other non-essential improvements</li> </ul>	Vendor	<ul style="list-style-type: none"> <li>• Estimates</li> <li>• Invoices</li> <li>• Pre and post photos (when available)</li> <li>• Rehabilitation plan</li> </ul>
Motor vehicle Purchase	<ul style="list-style-type: none"> <li>• Actual costs of motor vehicle purchase</li> <li>• Taxes</li> <li>• One-time fees associated with the cost of purchasing a motor vehicle</li> </ul>	<ul style="list-style-type: none"> <li>• Insurance</li> <li>• Gasoline</li> <li>• Motor vehicle modifications</li> <li>• Repairs</li> </ul>	Vendor	<ul style="list-style-type: none"> <li>• Purchase agreement</li> <li>• Invoice</li> <li>• CarFax report</li> <li>• Driver's license</li> <li>• Auto Insurance</li> <li>• Bill of Sale and Title</li> <li>• Motor vehicle registration</li> </ul>

## 603 Qualified Asset Purchase Procedure

IDA participants are permitted to make asset purchases once they have completed the mandatory financial education and asset-goal specific training, have opened their account with at least a \$25 deposit and are following their Savings Plan Agreement. For participants using their IDA for a small business asset, any individual purchases must be in line with their required business plan.

Participants may wait to make purchases until they have saved the full amount allowed and been matched the maximum amount, OR they may make purchases as they save, as long as they meet the above requirement. This is especially helpful for education-based asset purchases (ex: paying tuition bill by quarter or semester). For all asset purchases, but especially purchases made before a participant has finished saving, the Administrator **MUST** use match and personal funds at the correct proportion (\$3 match: \$1 personal); failing to do so will put future claims for match funds at risk.

Once an IDA participant is ready to make a qualified asset purchase, he/she should follow these procedures:

1. **Notify the IDA Administrator of the IDA participant's intent to purchase and schedule appointment for approval.** IDA participants should make their Administrators aware of their intent to make a qualified withdrawal at least two weeks before the anticipated purchase date. It is a best practice to request a withdrawal 30 – 60 days in advance.
2. **Acquire necessary documentation for the asset purchase.** IDA participants should make sure to have copies of any bills or invoices ready for their appointment with the Administrator. Funds disbursed for a qualified asset purchase must be in the form of a check written to a third-party vendor.
3. **Complete the corresponding IDA Asset Purchase Withdrawal Form at appointment.** Once the Withdrawal Form is signed, no whiteouts, revisions or adjustments should be made to the executed document.
4. **Make arrangements with the IDA Administrator for a check disbursement.** In most cases, the check will be mailed directly to the vendor unless other arrangements have been previously made.
  - An IDA Administrator can either have the participant take the signed Asset Purchase Withdrawal Form to the bank or the Administrator can take it themselves. No matter which way the Administrator chooses to operate, the process should be outlined in the organization's internal controls.

5. **Return copies of receipts resulting from the asset purchase.** These are necessary for the Administrator's records. Additional requests for withdrawals may be hindered until the IDA Administrator is supplied with receipts from previous IDA asset purchases.

If the cost of the asset purchase is more than the combined total of savings and match, the IDA participant must show proof that he/she can cover the difference in costs.

### **502.1 Upfront Fees for Contracted Owner-Occupied Repair**

All contractors should carry adequate insurance and be licensed, if required by their trade or local building department. (i.e. plumber or electrician).

Generally, funds cannot be drawn down until work has been completed or materials have been purchased. This is the most straight forward method and easiest to track. Material purchases can also be paid straight to the supplier to minimize contractor expenses.

However, if there is a signed contract between the contractor and the participant, approved by the IDA Administrator, then a startup payment of up to 20% may be used to allow the contractor to purchase supplies, obtain permits, and begin work, etc. The contractor will need to provide an invoice and supporting documents for these funds. The remaining funds can be in the form of draws for completed work until the contract is complete and meets final approval by the homeowner.

## **604 Emergency Withdrawal**

Emergency withdrawals may be approved at the discretion of the IDA Administrator at the agency.

The following are examples of when an emergency withdrawal may be approved:

- To prevent eviction
- To prevent foreclosure on an IDA participant's primary residence
- To pay for medical care expenses or obtain medical care for the IDA participant, his or her spouse, or a dependent of the IDA Participant
- To pay critical living expenses such as food supplies or heating expenses for the IDA participant following loss of employment

**Approved emergency withdrawals** may only be made from an IDA participant's personal savings account. Match funds may **NOT** be used for unqualified expenses, including emergency withdrawals. The IDA participant must understand that all emergency withdrawals must be repaid within **12 months** of the withdrawal date. Moreover, once an emergency withdrawal has been approved, the following rules must be adhered to until the funds are repaid into the participant's savings account:

1. **Claims** for additional match funds are prohibited
2. **Asset purchase withdrawals** are prohibited

**Approval and amount of emergency withdrawal** may be restricted at the discretion of the IDA Administrator due to the IDA participant's:



- Length of time participating in the IDA Program
- Amount of funds deposited in the IDA participant's personal savings
- The IDA participant's non-compliance with Savings Plan Agreement
- The IDA participant's frequency of emergency withdrawal request(s)

In the event of a **denied request for emergency withdrawal** by the IDA administrator, an IDA participant may choose to:

- Not make the emergency withdrawal and continue participation in the IDA Program
- Withdraw from the IDA program and receive a full refund of all personal savings deposits and interest **and forfeit the right of future participation in the IDA program**

**To request an emergency withdrawal**, an IDA participant should follow the procedure below:

1. Complete and submit an Asset Purchase Withdrawal Form to the IDA Administrator
2. Schedule a meeting with the IDA Administrator to discuss the situation and review possible alternative solutions
3. If approved, develop a revised savings plan that will allow withdrawn amounts to be re-deposited into the IDA participants account within 12 months from the withdrawal, if not sooner
4. Coordinate with the IDA Administrator to arrange for the withdrawal of funds from the IDA participant's IDA personal savings account.

**The IDA participant must be terminated if the participant fails to repay the emergency withdrawal within 12 months of the withdrawal date.**

**NOTE:** Any *unauthorized withdrawal* from an IDA participant's matched savings account will result in immediate termination from the IDA Program, a lawsuit or prosecution, and prohibition from future participation in the IDA program.

**IHCDA Recommendation:** *Emergency withdrawals are strongly discouraged, but if necessary should have a higher level of scrutiny. Case notes from the IDA Administrator explaining the rationale along with all supporting documentation should be placed in the applicant file.*

## SECTION 700: Participant Account Closeout

### 701 Graduates vs. Non-Graduates

There are two types of account closings: “Graduate” or “Non-Graduate.” The goal of the IDA program is to have every IDA participant graduate within the program round time-period. Despite best efforts, not all IDA participants are ready for long-term savings and asset ownership; some end-up dropping out of the program before making their asset-purchase. Those IDA participants are considered Non-Graduates.

**No matter which status a client has, when their account is closed they must complete an IDA Account Close-Out Form.** If any funds remain in their personal account, those are returned to the participant while any funds remaining in the match account are returned to the state.

A **Graduate** has successfully completed their savings plan, received all match funds, made all asset purchases, and completed the IDA program within the program time period. The Graduate will have no funds remaining in the personal savings or match accounts. The Graduate will continue to be ineligible for an IDA in the future.

A **Non-Graduate** has been terminated from program participation for one of the following reasons and is ineligible for an IDA in the future:

- Made an unauthorized withdrawal from the personal savings or match accounts
- Voluntarily terminated participation due to personal circumstances or did not find the IDA program to be a good fit for his/her financial status
- Exceeded the grant period without using all of the personal savings or match funds
- Moved out of State

In both cases, the account status should be set to “Closed” in all relevant tracking systems once the participant leaves the program and by the time the program round term ends.

### 702 Participant Termination

Both the IDA Administration and IHCD have the right to dismiss an IDA participant who fails to meet, or is in violation of, IDA program requirements, as set forth in Indiana Code the IDA Savings Plan Agreement or Participant Handbook. Examples of behavior which merit dismissal from the IDA program are:

- Falsifying personal, income or application information.
- Non-compliance with the IDA Savings Plan Agreement, including failure to comply with IDA savings requirements.
- Failure to return funds used for an Emergency Withdrawal within the 12-month period preceding the date of the Emergency Withdrawal.
- Failure to complete Financial Literacy Education or Asset-Goal Specific Training within a year or starting the IDA program.
- Unauthorized savings withdrawal(s).

- Failure to “graduate” from IDA program and draw down funds by the end of the program round.

Termination from the IDA program can be made at the discretion of IHCD or the IDA Administrator. To avoid termination and loss of match funds, it is recommended that each IDA participant keep in regular contact with his/her IDA Administrator, especially in the event of a loss of income or other household changes that may negatively impact the IDA participants’ ability to save.

**Failure to comply with these requirements may not only result in dismissal from the IDA program, but also, the ability of the IDA participant to participate in the IDA program in the future.**

As with regular account closures, once an IDA participant is terminated from the IDA program, the IDA will be closed and the financial institution should send any personal savings (plus interest) accrued to date to the last known address of the IDA participant, while matching funds should be sent back to IHCD, as explained in Section 803. The IDA status will be changed to Closed. The IDA participant will be ineligible for future IDA accounts.

### **703 Reusing a Nongraduate’s “Slot”**

When an IDA participant voluntarily leaves the program or is terminated, the IDA Administrator may choose to fill an IDA participant slot with a new participant. To fill the slot, the original IDA participant must not have used **any** of the allocated match funds for the project period to make an asset purchase.

If a new IDA participant fills a slot opened from a Non-graduate, the new IDA participant’s savings must be accelerated to complete the asset purchase within the IDA program Agreement time period and must follow that Agreement’s rules. The IDA Administrator must ensure that the new IDA participant has the entire match allocation available.

**Example 1:** Participant A opens an IDA under their Administrator’s IDA020 agreement. They have until June 2024 to complete their savings, make their asset purchase and close their account. By January 2022, Participant A has saved \$900 and been matched \$2,700, but is moving to Ohio, and so must leave the program without having made any asset purchases. Their \$900 is returned to them, while the \$2,700 in match funds is returned to IHCD. In March 2022, Participant B is signed up using the same “slot” as Participant A. They have until June 2024 to save their \$1,500, be matched, make their asset purchase, and closeout, and they must follow the IDA020 Program Manual while doing so.

### **704 Reassigning a Participant Between Grants**

Grantee organizations have the option to reassign participants from an older AFI or State grant to a newer AFI or State grant. This is usually done to allow a participant additional time to save and make their asset purchase.

Starting with IDA018 participants, and holding for all future participants, the agency will be allowed to reassign **only one participant** per grant during the term of the grant, without seeking approval from IHCD. Additional reassignments are not allowed except for extraordinary circumstances and with IHCD's prior approval.

In keeping with previous manuals, agencies can reassign an unlimited number of participants from older awards (IDA014, IDA015 and IDA016) to other awards before the original award ends, but ALL of those reassignments must be approved by IHCD staff.

Even in cases where IHCD approval is not necessary for participant reassignment, IDA Administrators must email IHCD staff ([ida@ihcd.in.gov](mailto:ida@ihcd.in.gov)) about the reassignment, so IHCD staff can ensure the proper procedures are followed.

### **704.1 Reassignment Notification to IHCD and Participant**

If an IDA Administrator determines that an IDA participant will need to be reassigned to a new grant, then the IDA Administrator must notify IHCD of the reassignment. The process should go as follows:

1. Program Administrator approves the participant's reassignment request after reviewing the situation and ensuring the participant meets the following:
  1. Has had a life changing event which alters their life or circumstances in a substantial way. Examples of this include disruption in employment, marriage, divorce, death of a spouse or a medical emergency.
  2. Good standing with the program guidelines
  3. Completed financial education and asset goal specific training
  4. Demonstrated a consistent savings record described in the savings plan agreement
  5. Not made any withdrawals, either for qualified asset purchases or for an emergency
  6. Been enrolled in the IDA program for at least six months
  7. Understands the possible ramifications of reassignment, which could include changes to the match rate or final match amount the participant could receive
  8. Has not been reassigned previously – participants may only be reassigned once!
2. Program Administrator will notify IHCD (*by email*) about the reassignment. That notification the content must:
  1. Identify the original program year and the newly assigned year
  2. Demonstrate that the participant meets all eligibility requirements of the second award
  3. Acknowledge that the agency is giving up a new slot on the second award for a pre-existing participant
3. The Program Administrator and participant must complete and sign the Grant Reassignment Affidavit (*place original in participant file*)

**IHCDA Recommendation:** When reassigning IDA participants it is best to find a grant that has the same match rates so the participant does not lose valuable savings.

### 704.2 Reassigning the Participant in Outcome Tracker

The Program Administrator must go into Outcome Tracker and change the participants grant assignment. The IDA participant will be given a new grant number and will receive a new project period.

### 704.3 Reassigning Match Funds

If the participant to be reassigned has received match funds under the first award, those will need to be returned to IHCDA, and match funds from the second award will need to be claimed, using the following process:

1. Complete the Asset Purchase Withdrawal Form (keep a copy for the participant file)
  - Check the Re-Assignment ROF box
  - Complete the Description of Withdrawal by providing details of the reason for the reassignment
  - Checks payable to (Third Party Vendor): **IHCDA**
  - Provide the financial institution with the fully executed form with “wet” signatures
2. The financial institution must send a check to:  
IHCDA  
ATTN: IDA Program  
30 South Meridian St., Suite 900  
Indianapolis, IN 46204
3. Make an Repayment Claim in IHCDAOnline (see Section 803.2) and email IHCDA ([ida@ihcda.in.gov](mailto:ida@ihcda.in.gov)) a copy of the Asset Purchase Withdrawal Form, so they know to look out for the check and match it to the correct award year.
4. The IDA Program Analyst will notify the agency Administrator when the check has been received from the financial institution
5. Upon notification, the IDA Program Administrator will submit a new match claim in IHCDAOnline for the participant under the second award, using the appropriate match ratio
6. The program administrator must change the participant information in Outcome Tracker to correspond with the new grant year:

## 705 Accelerated Participation

All IDA participants have the option to move through the IDA program at an accelerated pace, so that they graduate in less than three years. The accelerated savings plan allows the IDA participant to complete the total savings goals, be matched, and make asset purchases in less than three (3) years, but the most common time period is than two (2) years

Program Year	Participant Savings	Participant Match	Total Savings
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Year 1	\$800	\$2,400	\$3,200
Year 2	\$700	\$2,100	\$2,800
Total	\$1,500	\$4,500	\$6,000

IDA Administrators should note that according to Indiana Code, a participant can save up to \$800 in a program year and receive match funds. Any savings over \$800 will be matched in the following program year. This means that a participant can take less than three years to complete the program, but this restriction means they must be in the program for at least one program year.

## Section 800: Program Administration Responsibilities

### 801 Submitting Match Claims

IDA Administrators are required to submit match claims, in IHCDOnline, based on participant deposits, **at least** quarterly. Deposits and match claims should be posted according to the following schedule.

<u>Quarter</u>	<u>Claim Due Date</u>
July 1 to September 30	October 31
October 1 to December 31	January 31
January 1 to March 31	April 30
April 1 to June 30	July 31

IHCDA will process claims for matching funds as they are received from IDA Administrators. IDA Administrators are permitted to submit match claims from all IDA participants who have deposited at least \$25 and met all of the match requirements. IDA Administrators **MUST** use the IDA Match Claims Tool provided by IHCDA as supporting documentation for Match Claims.

Once the claim has been approved by IHCDA, the Administrator should send the list of IDA match accounts and the amounts they are to receive to their banking partner. This way when the match funds from IHCDA are deposited into the account, the bank can correctly distribute them to the affected IDA match accounts.

For information on how to submit a claim, please see the **Partner's Guide to IHCDOnline**, which is saved on the "Training and Resources" page of IHCDOnline [here](#).

### 802 Administrative Budgets and Claims

The administrative budget is determined in the following way:

- Overall Administrative Budget: \$750 x number of accounts awarded
  - General Administrative Budget: \$500 x number of accounts awarded for general administrative work
  - Asset Purchase Budget: \$150 x number of accounts awarded for participants that make an initial asset purchase
  - Graduating Participants budget: \$100 x number of accounts awarded for participants that graduate from the program AND use at least \$4,200 in match

The overall administrative budget is not tied to match funds, but a portion of it is tied to participants successfully completing certain stages of the program.

## **802.1 General Administrative Budget and Claims**

IDA Administrators are eligible to use the entire General Administrative budget, even if they do not use all of the match funds.

Allowable expenses under General Administration include costs associated with program management, reporting requirements, recruitment and enrollment of individuals, case management, participant education and monitoring; costs could include staff time as well as program materials. Required documentation could include revenue and expense reports, general ledgers, staff time sheets, invoices and receipts.

IDA Administrators must submit expenses within 45 days of the occurrence. For more information about the required documentation for submitting IDA Administrative claims in IHCDOnline.com, agencies must review the **Partners Guide to IHCDOnline**.

## **802.2 Asset Purchase Budget and Claims**

While Administrators may draw from their General Administrative Budget after any work completed on the IDA program, funds may only be drawn on the Asset Purchase Budget based on participants making their first asset purchase. These funds can only be drawn in \$150 increments, and the supporting documentation MUST include Asset Purchase Withdrawal Forms with "Initial Purchase" checked under "Purchase Type."

Each \$150 may only be claimed ONCE per awarded account. Even if a participant makes multiple purchases, their corresponding \$150 may only be claimed ONCE. Likewise, if a participant drops out after making a purchase, and another that is enrolled to take their place makes an initial purchase, an additional \$150 will NOT be available to be claimed.

## **802.3 Graduating Participants Budget and Claims**

While Administrators may draw from their General Administrative Budget after any work completed on the IDA program, funds may only be drawn on the Graduating Participants Budget based on participants closing their accounts as program graduates. These funds can only be drawn in \$100 increments, and the supporting documentation MUST include Account Close Out Forms with "Graduated" checked under "Account Closing." While there is no requirement on how much in match funds a participant uses in order to be considered a "Graduate," in order for an Administrator to receive the \$100, the Account Closeout Form must show that the participant used at least \$4,200 total in match..

Each \$100 may only be claimed ONCE per participant.

## **803 Returning Participant and/or Match Funds**

Whenever a participant leaves the IDA program, either as a Graduate or Nongraduate, there are usually funds to be returned to them and/or to IHCD. In either case, the IDA Account Close-out Form must be used to close BOTH accounts; it is vital that the IDA Administrator ensures no



IDA accounts remain open after a participant leaves the program, as those can be difficult to close later.

### **803.1 Returning Participant Funds**

If funds remain in a participant's personal savings account after they have made all planned asset purchases or after they have left the program as a nongraduate, those funds need to be returned to the participant.

**Step 1:** The agency needs to fully execute the "IDA Account Close-out Form" that the participant must sign

**Step 2:** The agency sends the 'IDA Account Close-out Form" to the financial institution so that they can release funds from the participants' savings account to the participant.

**Step 3:** Update participant financial information in Outcome Tracker

**Step 4:** Place a copy of the document in the client's file

### **803.2 Returning Match Funds to be Reused (Funding Repayment claim)**

The two reasons why an Administrator may need to return the match funds for a participant to be used for another participant are:

- The first participant dropped out **without** making any asset-purchases
- The first participant is reassigned

In those cases, the Administrator must return the match funds using the steps below. If the Administrator is returning Match funds for another reason, they must follow the steps in the next section (803.3)

**Step 1:** The agency sends the 'IDA Account Close-out Form" to the financial institution, directing them to release the funds in the match account to IHCD A.

**Step 2:** Within five (5) business days of submitting the Close-Out Form to the Financial Institution, enter the amount to be returned to IHCD A as a **Repayment Claim** in IHCD Aonline, using the Close-Out form as supporting documentation. Make a copy of the IHCD Aonline Claims receipt.

**Step 3:** Update IHCD A match funds in Outcome Tracker

**Step 4:** Email a copy of the following documents to [IDA@ihcda.in.gov](mailto:IDA@ihcda.in.gov):

- The Executed "Close-out Form"
- The claim Receipt

**Step 5:** Place copy of all documents in the participant's file.

Once IHCD A receives the check from the financial institution and is able to match it to an open claim in IHCD AOnline, the claim will be finalized and those funds should be available for the Administrator to reuse for another IDA participant.

### **803.3 Returning Match Funds NOT for Reuse (Return of Funds claim)**

The two reasons why an Administrator may need to return the match funds that cannot be reused are

- A participant has made at least one qualified asset-purchase, and is now leaving the program (either as a graduate or nongraduate)
- The program round is ending and there is no more time to make asset purchases.

In those cases, the Administrator must return the match funds using the following steps:

**Step 1:** The agency sends the ‘IDA Account Close-out Form” to the financial institution, directing them to release the funds in the match account to IHCD A.

**Step 2:** Within five (5) business days of submitting the Close-Out Form to the Financial Institution, enter the amount to be returned to IHCD A as a **Return of Funds Claim** in IHCD Aonline, using the Close-Out form as supporting documentation. Make a copy of the IHCD Aonline Claims receipt.

**Step 3:** Update IHCD A match funds in Outcome Tracker

**Step 4:** Email a copy of the following documents to [IDA@ihcda.in.gov](mailto:IDA@ihcda.in.gov):

- The Executed “Close-out Form”
- The claim Receipt

**Step 5:** Place copy of all documents in the participant’s file.

Once IHCD A receives the check from the financial institution and is able to match it to an open claim in IHCD AOnline, the claim will be finalized and those funds will no longer be available to the Administrator for additional claims.

## **804 Grant Closeout**

Prior to the end of the Grant Agreement, all match claims must be finalized and all asset purchases made.

Once the Grant formally expires (i.e. reaches the end of its term) the Administrator has 45 days to submit all financial, performance information and other information as required by the terms and conditions this Agreement and the IDA Program Manual. At that time:

- All accounts must be closed and confirmation uploaded to Outcome Tracker
- All administrative and return of funds claims must be submitted

- All required reports must be submitted to IHCD

After the 45-day period passes, the Administrator will NOT be allowed to submit any more claims of any kind.

## **805 Maintaining Participant Files**

IDA Administrators are responsible for keeping comprehensive and up-to-date IDA participant files, both during and after an individual participates in the IDA program. The purpose of Client Files is to:

- Represent the implementation and outcomes of IDA policies
- Tell the entire story of the participants progress and should be clear to anyone reviewing the file, especially IHCD monitors and auditors.

Elements of a good Client File include:

- **Readable:** legible information in a logical order
- **Certified:** Appropriate documents are signed, dated and approved
- **Transparent:** The client has been served according to the program guidelines
- **Consistent:** All files are similar in set up, content and clarity
- **Secure:** All information should be safely stored and secured

### **805.1 Participant File Structure**

The IDA participant file is set up into pockets that separate the different aspects of managing the participant's progress. This also allows program consistency from participant to participant and agency to agency. In addition, it aids the internal quality assurance file review and outside monitoring process. A complete file will contain all of the following documentation, with specific information as determined by the asset purchase.

**Beginning October 1, 2018 IDA administrators must upload all of the IDA participant's documents into Outcome Tracker.** In addition, please keep a hard file for the client to meet IHCD's retention period requirements, as outlined in the Grant Agreement .

#### **Pocket 1- Applicant Assessment Documents**

- Fully executed IDA completed Participant Application
- Fully executed Savings Plan Agreement
- Fully executed IDA Financial Institution Release of Information (if applicable)
- Income Verification documentation
- Proof of Residency: Copy of Participant's Driver's License (or state issued ID) or other approved document
- Proof of Social Security Number (commonly a social security card) or other approved document
- Participant Readiness Assessment
- Applicant Notification letter

### **Pocket 2- Financial Summary**

- IDA Income Calculation Worksheet
- 2 most recent and consecutive pay stubs for everyone in the household
- Prior Year Income Tax Return
- Credit Score (or documentation stating the participant has no Credit Score)
- Personal Budget

### **Pocket 3- Participant Readiness (Coaching/Counseling/Training)**

- IDA Training Log(s)
- Certificate(s) of Completion of Financial Literacy Trainings
- Certificate(s) of Completion for Asset Goal Specific Trainings
- Credit Counseling (i.e. credit history assessment, credit repair & credit stability)
- Case Management documentation (if applicable)
- Additional provided financial coaching /counseling (if applicable)

### **Pocket 4- Savings History (Deposits/ Match Funds)**

- Proof of Deposits: banking statements, deposit slips, etc..

### **Pocket 5- Withdrawals**

- Asset Purchase Withdrawal Forms (*ordered sequentially*)
- Attached Original Receipts for Purchases
- Request for Emergency Withdrawal (if applicable)
- Duplicate Copy of any Check (if provided by Financial Institution)
- Supporting Documentation

### **Pocket 6- Communication**

- Copy of any Communication with the IDA Participant such as Quarterly statements, Email Communications, Letters Sent via U.S. Mail, etc..
- Signed Affidavit Reassigning Participant to another grant (if applicable)
- Case Notes

### **Pocket 7 – Closeout**

- Post Financial Skills Assessment
- Post Credit Score
- Close-Out Form when the Account is Closed

***IHCDA Recommendation:*** To reduce misplaced file documents, IDA staff should write the participant number on all documents where no such identification exists.

## **806 Required Reporting**

In addition to maintaining Outcome Tracker, IHCDA program staff will request quarterly or semi-annual updated version of the IDA Claims Tool, to check on Administrator progress and to help

check that IHCDOnline and Outcome Tracker are kept up-to-date. Program Administrators must return completed reports within 30 days.

## **807 Confidentiality and Security**

It is important that the IDA Administrator take reasonable measures to safeguard protected personally identifiable information and other information designated as sensitive.

All applications, banking statements, documents and other files related to an IDA participant must be kept confidential by IHCD and IDA Administrators. Due to reporting requirements, certain information may be shared with Family and Social Services Administration (FSSA) or the U.S. Department of Health and Human Services (HHS). However, at no time will any information unnecessarily be shared with anyone not affiliated with Indiana's IDA Program.

### **807.1 Security**

All files should be easily accessible to appropriate staff without compromising confidentiality (e.g. locked file cabinets or password protected electronic systems such as computers). Confidentiality should also extend to the internal procedures, processes and outside contacts the agency uses to administer the IDA program. The agency should never conduct conversation with an individual in the presence of a program participant that might disclose internal procedures, i.e. calling a banking institution using access codes while the participant is listening.

The agency must strike out all but the last four digits of the SSN and driver's license number, if the copy is retained in the eligibility file or any time the IDA Administrator releases information.

### **807.2 Confidentiality**

All client records are considered confidential and should be open only to authorized personnel. Such information cannot be shared with unauthorized individuals. Private/Non-Public information includes the following:

- Household member(s) name
- Social Security Number
- Birth date
- Home phone number
- Home address
- Health information
- Citizenship
- Disability status
- Banking account information

### **807.3 IDA Participant Release of Information**

Applicant or client files are for "Internal Use Only" and should not be shared with any other local, state or federal program outside of your organization and IHCD. However, the information belongs to the applicant or client and a copy can be provided to them, if requested.

### **IDA Participant Release of Information (Third Party)**

Any participant wishing to discuss his/her application or file with agency staff may do so; however, if they want it discussed with an authorized representative, the participant must designate that authorized representative in writing. The agency should use their own release form and keep a hard copy in the participant file.

#### **807.4 Program Forms**

IDA is a statewide program administered by various providers who each operate independently. To assure program consistency and integrity, certain functions of the IDA program must be standard across all service providers. For that reason, any document that has an IHCDCA logo is proprietary to IHCDCA and must not be changed or altered by the agency. In addition, the IHCDCA legal department has reviewed these documents to assure their compliance with state and federal guidelines.

#### **807.5 Records Retention**

The agency shall maintain all records relative hereto during the effective period of each grant agreement and for a period of three (3) years from the date the agency submits to IHCDCA its final close out form, or one (1) year from the resolution of any outstanding administrative, program or audit question, or legal action, whichever is later.

The agency shall protect all electronic and hardcopy documentation containing confidential client information. Confidential information means any individually identifiable information about the participants who receive services and/or assistance from agencies and/or sub-recipients of the IHCDCA. The agency shall properly dispose of any electronic or hard copy documentation containing confidential client information after the required retention period. A proper disposal of this information is one that is reasonable and appropriate to prevent any unauthorized access to confidential client information. Approved disposal methods include:

- Burn, pulverize, or shred papers containing confidential client information so that the information cannot be read or reconstructed;
- Destroy or erase electronic files or media containing confidential client information so that the information cannot be read or reconstructed
- Conduct due diligence and hire a document destruction contractor to dispose of confidential client information.

### **808 Non-Discrimination**

No person shall, on the grounds of race, color, national origin, religion, sex, age, disability, ancestry, status as a veteran, or other characteristics protected by the Federal, State or local law, be excluded from participation in, be denied the benefits of, or be subjected to discrimination in Indiana's IDA Program.

#### **Non-Discrimination on the Basis of Handicap in Programs and Activities Receiving Federal Financial Assistance**

- No otherwise qualified handicapped individual in the United States shall, solely by reason of his/her handicap, be excluded from participation in, be denied the benefit of, or be subjected to discrimination in Indiana's IDA program.

### **Non-Discrimination on the Basis of Age in Programs and Activities Receiving Federal Financial Assistance**

- No person shall, on the basis of age, be denied the benefits of, be excluded from participation in, or be subjected to discrimination under any program or activity receiving funds provided through the Indiana's IDA program.

### **Non-Discrimination on the Basis of Sex in Education Programs and Activities Benefiting from Federal Financial Assistance**

- No person shall be subject to discrimination on the basis of sex in Indiana's IDA program or any activity receiving Federal financial assistance, whether or not such program or activity is offered or sponsored by an educational institution.

### **Meaningful Access to Limited English Proficient Persons**

- Persons who, as a result of national origin, do not speak English as their primary language and who have limited ability to speak, read, write, or understand English ("limited English proficient persons" or "LEP") may be entitled to language assistance under Title VI in order to receive a particular service, benefit, or encounter. In accordance with Title VI of the Civil Rights Act of 1964 (Title VI) and its implementing regulations, the IDA Administrator must take reasonable steps to ensure meaningful access to activities for LEP persons. Any of the following actions could constitute "reasonable steps", depending on the circumstances: acquiring translators to translate vital documents, advertisements, or notices, acquiring interpreters for face to face interviews with LEP persons, placing advertisements and notices in newspapers that serve LEP persons, partnering with other organizations that serve LEP populations to provide interpretation, translation, or dissemination of information regarding the project, hiring bilingual employees or volunteers for outreach and intake activities, contracting with a telephone line interpreter service, etc.

## Section 900: Program Compliance and Monitoring

The State has the responsibility to ensure that all agencies are correctly carrying out the administration of the program. Starting with the 2017 program year, IHEDA implemented an IDA Program Compliance system for monitoring IDA Administrators. The compliance system will ensure that the IDA Administrators have effective internal controls over program operations and financial transactions. The new compliance system will include the development and implementation of agency level internal controls and a statewide monitoring program.

### 901 Internal Controls

All agencies are required to have internal controls for the IDA program. The internal controls ensure program performance and integrity which are designed to follow the IDA program administration policies and procedures as well as protect the funds from fraud, waste, and abuse. Internal Controls will be reviewed during the monitoring process.

Agency internal controls policies must include:

- How to complete an application with proper signature approval process outlined
- How to complete the eligibility review and assessment(s) with internal quality review process included
- How to retain copies of identification and social security cards in participant files or other locations
- How to approve IDA participant files for employees, board members, or families of either employees or board members
- How to approve and complete withdrawals and asset purchases
- How to properly close an account at the agency, at the bank, and remit information to IHEDA

#### 901.1 Quality Assurance (QA) Review

Quality Assurance is the systematic process of checking whether the program services are of an acceptable standard and meeting the specified requirements. A good QA comprises administrative and procedural activities and does not limit itself to just one aspect of the program.

Though not currently required, IDA Administrators are strongly encouraged to develop a quality assurance review process as part of your agencies program integrity plan that will verify that the IDA participant is or has met all program requirements according to the policies set forth in this manual and that the IDA participant file is proper order with all required documents and any “wet” signature originals. A QA should be conducted on both approved and denied applicants. In addition, the review should also focus on how the agency administers the IDA program such as internal controls, meeting performance benchmarks, reporting requirements, providing account match funds, submitting claims and reviewing claims for eligible expenditures.

***IHEDA Recommendation:*** *Reviews should be performed on all governing board members, agency staff or relatives of staff who were approved or denied for the IDA program.*



**IHCDA Recommendation:** After the QA reviews are completed, the agency should compile a list of errors and use that information as a tool for future program training and development.

### **901.2 Processing Applications of Relatives and Staff**

Any prospective participant, employed by the IDA Administrator full-time, part-time or contractually, defines the IDA Administrator's staff. Relatives are any person(s) applying with the following relationship to a staff or board member:

- Spouse
- Sibling
- Parent or Grandparent
- Child/ Step Child or Grandchild
- Brother or Sister-in-law
- Aunt or Uncle
- Niece or Nephew
- Or other individuals that may cause a Conflict of Interest

Any staff of IDA Administrator or relative of staff of an IDA Administrator completing an application for IDA benefits should have his or her file reviewed by the Program Manager or Executive Director upon final determination for approval or denial of a benefit. Relatives of the Executive Director should have their file reviewed and approved by a designated member of the IDA Administrator's Board of Directors or a board committee.

All required IDA policies, procedures and deadlines are applicable. IDA Administrators may store IDA participant files with the Program Manager or Executive Director, as an added measure of privacy for the IDA Administrator's staff and/or their relatives.

**IHCDA Recommendation:** The affiliated individual should seek participation in IDA Program with a neighboring IDA Administrator.

### **901.3 Conflict of Interest**

Please review the IDA Program Participation Agreement for IHCDA's most up-to-date requirements regarding Conflicts of Interest.

## **902 Fraud, Waste and Abuse**

If the administrator believes that a participant has received program funds in error, due to misrepresentation or false reporting of their household information or asset purchase, the administrator must begin an investigation. **Each administrator has the authority to request additional information to verify that the information provided is accurate.**

The administrator should follow this process:

- Review the participants application and supporting documentation again or review the asset purchase information
- If necessary, conduct a fraud investigation

- Notify IHCD of a fraud investigation and results when completed

### **902.1 Investigating Fraud, Waste and/or Abuse**

The purpose of investigating fraud, waste and abuse is:

- To ensure that program funds are received by those individuals who are eligible
- To ensure that program funds are for eligible asset purchases and to eligible third-party vendors
- To recover tax dollars obtained by participants through fraudulent activities, unintentional participant error, administrative error or non-compliance.
- To deter future occurrences of fraud and/or non-compliance within the program and to help maintain program integrity.

These terms should not be confused with **Non-compliance**, which is the failure of the individual participant to act in accordance with the rules and regulations of the IDA program.

**Fraud** is defined as “wrongful or criminal deception intended to result in financial or personal gain.”

**Waste** is defined as “consuming, spending or expending thoughtlessly or carelessly.”

**Abuse** is defined as “misusing or using improperly or excessively.”

Fraud occurs when a participant knowingly and willfully provides false information about his circumstance. To constitute fraud, the participant must know that the information he or she provides is false and that he or she did so with the intent to gain something or value.

A participant providing incorrect information by mistake is NOT committing fraud. Also, a participant does not commit fraud if he or she is unaware of their responsibility to provide certain information. The participant may provide false information for reasons other than to receive excess benefits, in which case he or she is NOT committing fraud. For instance, the participant may have an embarrassing situation that causes them to fail to report the actual circumstances of their situation. Or, there may be other reasons that need to be taken into consideration for concealing the truth or failing to report changes.

**Early Detection and Prevention:** Early Detection and Prevention is designed to detect and prevent fraud prior to receiving program funds. Early detection and prevention effort needs to be taken to keep fraud and non-compliance from occurring in the first place.

Another step is to make sure that all applications are fully completed and no information is missing or doesn't make sense. Questions should be asked in all situations where agency staff needs further or more definite clarification.

Even though early detection and prevention are utilized, there will still be situations where people receive program funds they are not entitled to. Once this happens, notification is usually through a whistleblower, an anonymous tip or an agency monitoring or other action. This is when an investigation is initiated.

**Investigative Steps:** An investigation is a detailed examination or search to determine if an individual has committed an act of non-compliance or fraud and/or received benefits to which they were not entitled. When an investigation is started the following steps should be followed:

1. An In-House Investigation: These are things that can be done at the agency through the agency's records and database.
  - a. **Determine Eligibility Factors:** Based on the information received from the applicant, are they eligible for the program? If there is a specific eligibility question for the applicable time period.
  - b. **Review Background Information:** Review background information that is available at the agency about the applicant.

Determine whether the information received from the applicant conflicts with any information found during this reviews or received from an informant. If there are no conflicts, there is no need to proceed any further. If information does conflict in some fashion, further investigation is needed.

**Documentation:** It is vital that each step taken in the course of the investigation is documented in chronological order. This will provide a detailed and complete record of the processes used and the information obtained. Documentation will include investigator notes as well as copies of relevant documents. These are not just important for agency records, but also in situations where law enforcement will need to be involved. There are six (6) basic questions to keep in mind while collecting information during the course of any investigation:

1. **WHO.** The case should include the names, addresses and phone numbers of the applicant and other contacts made regarding the investigation.
2. **WHAT.** The case notes should reflect all the eligibility factors being investigated, such as: income, household composition, resources, living arrangements, etc. Make sure the applicant is eligible in all areas of eligibility, not just the area that prompted the investigation.
3. **WHEN.** Write down the date and time of all contacts made during the investigation. This will be needed should the case be appealed or if law enforcement gets involved.
4. **WHERE.** Write down the correct address, location and time of any interview, home visit or other fact gathering activity.
5. **WHY.** Write down the reason(s) for the investigation in the first place and reasons for any actions on the case.
6. **HOW.** Document the way in which the information was received.

**Potential Sources (To assist with your investigation):**

- **Employment Records:** Does the name match on the income documentation? Does the social security number match on the award letter or tax return? Does the participant work for the State of Indiana?
- **Utility and Phone Bill:** Contact the utility and phone service providers to determine who is billed and pays for the service.

- **Landlord or Mortgage Company**: Contact the landlord and ask if he knows who lives in the rental property. Obtain a copy of the rental agreement or mortgage papers to determine who is a party to the contract. Determine who pays the mortgage.
- **Courthouse and/or Records Office Records**: Both of these areas are valuable sources of information. You will be able to determine recent loan, judgment, mortgage and real estate transfer activity of the participant or property owner. You can also search divorce, custody and marriage records.
- **Sheriff or Police Department**: Local law enforcement agencies keep records of all calls and investigations. If law enforcement made a trip to the participant's address, they may have listed the names of all persons living there.

**Confidentiality:** The investigation of possible fraud, waste or abuse should be kept as confidential as possible. This is done to ensure the integrity of the investigation. The more people who know about an investigation, the greater the chances of the subject finding out about the investigation. Knowledge of and participation in an investigation should be shared only with necessary persons.

**Final Steps:** Once the violation has been identified, investigated and supporting documentation has been reviewed and corroborated by the agency, action needs to be taken against the participant's application or against their benefits if they have already been distributed. Actions taken can range from the rejection of the application to the termination of benefits and request for repayment of funds. The case can also be submitted to Federal Officials if the situation warrants.

The IHEDA Community Programs Monitor and Compliance Attorney are available to assist at any phase of the investigation, if needed. Contact IHEDA Community Programs staff or Compliance Attorney to inform of all alleged or substantiated acts of fraud, waste and abuse.

## **903 Monitoring Objective**

Monitoring is a good business practice that allows agencies to continually improve its outcomes as they strive to adopt high impact strategies to assist in meeting the needs of its community. Proper oversight and monitoring of IDA funds is important in order to ensure compliance with federal and state IDA policies, procedures, and law. Monitoring is also important in identifying additional controls and procedures that could strengthen the program at the local and state level.

Information gathered through this process is also used to make immediate or long-term program improvements. Monitoring activities provide a crucial link between the State and the agency. Ultimately, monitoring is a series of checking functions focused on specific tasks and activities that are required to be completed.

Lastly, effective communication is vital in facilitating a good working relationship. The purpose of communication is to provide program objectives and requirements, assist in developing solutions to problems, to share program improvement ideas, and provide information on new developments. We operate with the basic belief that a team approach is in the best interest of

the agencies long term growth and that the monitoring process is the mechanism for this interaction to occur.

## **904 IHCD Monitoring**

As a part of Indiana's program integrity plan, IHCD or a sub-contractor of IHCD will conduct a monitoring review (onsite- or by desk-top) to verify the proper application of the IDA program operations. Monitoring activity is determined by the agencies annual risk assessment and can be annually or up to every three years. The risk assessment includes risk categories that generally cover use of funds, claims and transmittal compliance, and findings/concerns/errors from monitoring. The risk assessment outcome may result in additional agency action items to be completed.

When a monitoring is scheduled, the review may assess and document the following:

1. IDA program staff interview to explain Internal Control Procedures, Quality Assurance (QA) review process, Administrative functions, outreach process and possible training and technical assistance opportunities.
2. A participant file review that analyzes the components of the application for eligibility of the applicant, financial summary, tracked training activities, deposits/match, withdrawals, communication and executed close out forms.
3. Review of the content being provided to participants for financial education and asset specific training.
4. A fiscal review which examines the agency's timeliness of submitting administrative and grantee claims for reimbursement of costs incurred. The claims are further examined to determine the accuracy of expenditures reimbursed to including, but not limited to administrative, payroll, common cost, travel, supplies, asset purchases, and budget limits. Additionally, the most recent "Single Audit" is reviewed for compliance issues and the status of any corrective actions resulting from those findings.

## **905 Monitoring Report**

Each agency should receive a copy of the monitoring report within thirty (30) calendar days from completion of the exit conference.

The monitoring report, at a minimum, will include a File Review Error Summary, (number of files reviewed, number of errors, and error rates) Fiscal Review (unallowable program expenses), and provide best practice recommendations for program success.

The file error rate is calculated based on the number of errors divided against the total eligible criteria. The overall agency error rate is calculated based on the error rate per file/number of files reviewed.

### **905.1 Initial Agency Response**

The agency must either accept the submitted report or provide an informal appeal to specific issues identified in the report. The agency will have ten (10) calendar days from the receipt of the monitoring report to submit any written response.

Any corrective action taken by the agency is considered an acknowledgment. If the agency agrees with any issues identified in the report, the agency must begin to correct these issues and submit supporting documentation with its written response.

### **905.2 Monitoring Appeals Process**

If the agency informally appeals (disagrees with) any item on the monitoring report, the agency must send an informal appeal to the IHCD A IDA Monitor or Community Programs Manager - IDA (whichever is applicable) within ten (10) calendar days of the receipt of the monitoring report.

1. IHCD A will respond within ten (10) calendar days of receipt of agencies Informal Appeal to the Monitoring Report.
  - a. If IHCD A agrees with all items identified in the agencies **Informal Appeal**, the agency will receive a revised monitoring report that it will use to ensure all actionable items are completed.
  - b. If IHCD A does not agree (in-full or in-part) with the agencies informal appeal, the agency will receive an **IHCD A informal appeal reply**. The response will acknowledge which issues have been approved or still stand as identified.
2. The agency will provide a **second response** within ten (10) calendar days. (If applicable)
  - a. If the agency agrees with the reasons described for not changing items identified in the informal appeal, the agencies second response is to be sent to the Community Programs Manager- IDA acknowledging such.
  - b. If the agency disagrees (in-full or in-part) with IHCD A's informal appeal response, the agency may submit a **formal appeal** in writing to the Director of Community Programs. The Director of Community Programs will review the formal appeal and provide a written decision within thirty (30) calendar days. Whatever decision is made will be final.

### **906 Compliance**

Compliance is essential in assuring overall program success. IDA administrators are monitored to determine whether they have continuously met the established program guidelines and government legislation as instructed in IHCD A contracts, the IHCD A provided Program Manual, and IHCD A Information Memoranda. Failure to meet the minimum monitoring standards will result in corrective action.

An improvement plan may require the agency to undergo additional training and technical assistance (T/TA), site visit(s), required QA file review, or other relevant actions as determined by IHCD A.

Any agency placed on any type of improvement plan is required to provide notification to their governing board of the identified program deficiencies. Governing Board Meeting Minutes must

be provided to IHCD demonstrating the Board of Directors was informed of being placed on an improvement plan.

### **906.1 Modified Quality Improvement Plan (MQIP)**

An error rate between fifteen to nineteen percent (15%-19%), could place an agency on a modified quality improvement plan (MQIP). A MQIP is a training and a technical assistance plan that must address all issues outlined in the monitoring report. The plan must also list the corrective actions that will be taken and provide a timeline for when each corrective action will be completed, in addition to any payments to IHCD and/or the participant, if applicable. A MQIP typically lasts up to ninety (90) calendar days.

The agency must submit supporting documentation on actions achieved (i.e. training logs, internal quality control file reviews, repayment of funds, etc.) and demonstrate the plan has been successfully completed.

If corrective actions have been made to remedy the errors the agency will be released from the MQIP, and the monitoring period will be closed. If IHCD finds that the agency is unable to successfully administer program policy and procedures, then the agency will be moved to a quality improvement plan.

### **906.2 Quality Improvement Plan (QIP)**

Beginning March 1, 2018, IHCD established that an error rate 20% or greater may warrant a Quality Improvement Plan (QIP).

If an error rate is twenty percent (20%) or higher or if the agency is unable to successfully complete a MQIP, the agency is may be placed on a quality improvement plan (QIP). A QIP is a training and technical assistance plan that must address all issues identified in the monitoring report. The plan must also list the corrective actions that will be taken and provide a timeline for when each corrective action will be completed, training that will be implemented to correct the identified deficiencies in addition to any payments to IHCD and/or the participant.

As a result of a QIP, the agency can expect a closer review of participant files, fiscal reporting, staff training, and overall service delivery. The agency must submit supporting documentation on actions achieved (i.e. training logs, internal quality control file reviews, repayment of funds, etc.) and demonstrate the plan has been successfully completed. The agency will also be required to provide monthly updates to IHCD, via email or conference call, as determined by the IHCD Community Programs Manager- IDA or designated individual

If corrective actions have been made to remedy the issues identified during monitoring, the agency will be cleared from the QIP, and the monitoring period will be closed.

### **906.3 Failure to Meet Compliance Expectations**

Agencies that fail to complete quality improvement plans may receive a reduction in funding, reduction in service territory, or removal from administering the program.

#### **906.4 Monitoring Completion**

Completion occurs when consensus and compliance have been reached between the agency and IHCDA. Upon the agreement date of all items in the monitoring report, the IDA ADMINISTRATOR will have thirty (30) calendar days to provide documentation to IHCDA that all conditions of the report have been met.

It is the responsibility of the agency to provide the required documentation that all criteria have been met. The monitoring session is not complete until a Monitoring Completion letter has been issued acknowledging all corrective actions have been satisfied.



## **Section 1000: Additional IDA Program Policies**

### **1001 Notice for Program Termination**

IHCDA has the option to terminate an IDA Administrator's participation in the program. IHCDA must provide the IDA Administrator with a 30-day notice and specify how service delivery will take place after termination has been rendered. An IDA Administrator may terminate its participation in the IDA program as well. The IDA Administrator must provide written notice at least 90 days in advance.

This document includes a "Survival Clause", even though an IDA Administrator may terminate the IDA Program Participation Agreement, the IDA Administrator is bound to "Administer all IDA's established by or transferred to the CDC for the life of the account." The IDA Administrator's participation will terminate after the last IDA has expired. Whenever a termination notice is provided (either by IHCDA or the IDA Administrator), the survivorship of accounts will be assessed so that both parties have a clear understanding of how long the IDA Administrator will be engaged in administering the remaining IDAs.

### **1002 Denied Applicant Appeals Process**

The Appeals Procedure begins at the local level with an informal process designed to settle most problems through a review of the facts and resolution of the issues. Applicants may appeal a denial from the IDA Administrator. Allowing a client to appeal an agency decision is mandatory for the IDA Program. The appeals procedure must be communicated to those applicants who have been denied.

#### **1002.1 Informal Review Process**

1. The written notification of approval or denial to all IDA applicants must include the household's right to appeal that determination.
  - a. The agency will add their appeal contact information to the Applicant Notification Letter
  - b. The applicant must send his or her appeal to the local agency IDA Manager or Executive Director within ten (10) business days of receipt of the denial. The agency Executive Director or IDA Manager determines the applicant's eligibility on review within ten (10) business days of receipt of the applicant's written appeal.. The agency will add the IHCDA appeals contact information to their written response letter
2. If the applicant is still not satisfied with the agency determination after review by the agency Executive Director or designee, he/she may request a review by IHCDA. The applicant must send a written request within ten (10) business days of receipt of the agencies appeal determination to:

IDA Community Programs,  
Indiana Housing and Community Development Authority  
30 South Meridian Street, Suite 900  
Indianapolis, IN 46204

- a. If an applicant needs assistance with this procedure, they may contact IHCDa at [IDA@ihcda.in.gov](mailto:IDA@ihcda.in.gov).
3. IHCDa's IDA Community Programs Manager will review the materials submitted and issue a written finding to the applicant and the agency based on the documentation submitted, within ten (10) business days of receipt.

### **1102.2 Formal Appeal**

1. If the applicant disagrees with the determination of the State IDA Community Programs Manager, the applicant has the right to appeal to the IHCDa's Director of Community Programs for a final determination. The applicant must submit a written appeal within thirty (30) business days of being notified by the IDA Community Programs Managers decision.
2. The appeal must include the stated reasons for the applicant's objection to the denial, which reasons must be based solely upon evidence supporting one (1) of the following circumstances:
  - a. Clear and substantial error or misstated facts which were relied on in making the decision being challenged;
  - b. Conflict of interest in the decision-making process;
  - c. An illegal, unethical or improper act; or
  - d. Other legal basis that may substantially alter the decision.
  - e. Requests for a formal appeal should be sent to the attention of:

Director of Community Programs  
Indiana Housing and Community Development Authority  
30 South Meridian Street, Suite 900  
Indianapolis, Indiana 46204

The Applicant receives written acknowledgement of the request within five (5) business days of its receipt, noting the day the request was received. The Director of Community Programs has thirty (30) business days from IHCDa's receipt of the written request to review the file and make a determination. The decision of the Director of Community Programs is final.

### **1003 Acknowledging IDA Funders**

The Indiana Housing and Community Development Authority (IHCDa) grantees, award recipients, and their sub grantees must acknowledge funding in all publications that describe services and activities that are funded in whole or in part with their IHCDa award.

Publications that should include an acknowledgement of IHCDa funding include: funds statements, press releases, marketing materials such as brochures and presentations used for recruiting participants, and all other documents that describe your organization's outreach efforts and programmatic offerings.