



Individual Development Account Tax Credit Program Manual

(Updated 2026)



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<https://www.in.gov/ihcda/program-partners/individual-development-accounts-ida/>

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SECTION 100: IDA Program

101 History

The Indiana Housing Community and Development Authority (IHCDA)'s Individual Development Account (IDA) 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.

I.C. 4-4-28-13 and 6-3.1-18 created the Individual Development Account Tax Credit Program, allows IDA Tax Credit Administrators to use tax credits to raise funds from donors to use for additional IDA accounts.

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.

The Tax Credit award program runs for one year, from July 1st of the award year, until June 30th of the following year. Accounts opened between those dates are subject to this manual, regardless of then the funds that are used for their match were raised. Those accounts have five (5) years from when they opened to make an asset purchase and be closed.

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.

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 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 Tax Credit 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.

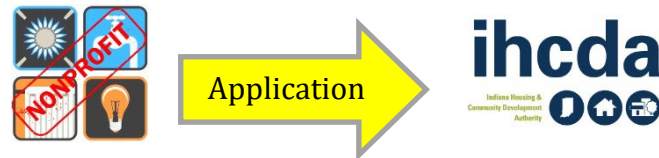
In terms of funding, each year IHCD awards tax credits to eligible non-profits, Community Action Agencies and Community Development Corporations across the State of Indiana to administer their IDA Program and the participant accounts. This is done through a program application process. IHCD will assess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

All questions regarding IHCD's IDA tax credit program should be sent to program staff at IDA@ihcd.in.gov.

103 Tax Credit Program Cycle

The application for IDA Tax Credits is combined with the application for IDA accounts funded directly with state funds. IHCD normally posts IDA applications each March or

April. Each year the link to the application will be posted on IHCDAs' [IDA webpage](#), and a notice will go out on the IDA Subscription list. Interested organizations are responsible for becoming familiar with the application time period, for checking IHCDAs' website for updates and for subscribing to IDA [here](#) (submit email address, then choose IDA and any other relevant subscription types).



The application will generally be open for three to four weeks for agencies to complete; a formal deadline will be posted to IHCDAs' website once the application goes live, as well as at the top of the application. Once the deadline has passed, IHCDAs staff will begin review of applications.

IHCDAs staff will take organizations that they are recommending receive tax credits to the IHCDAs board of directors in late June at the latest. If approved, IHCDAs staff will contact those agencies to notify them of the award and will follow-up with an agreement sent for e-signature.



Once the IDA agreement is signed and the program year starts on July 1, organizations can begin distributing their IDA tax credits to donors in exchange for funding contributions and important information about the donors that will be used to honor their credits later (name, SSN, donation amount, etc.). As a part of that process, organizations must provide donors with confirmation of their contribution and their IDA tax credit for tax purposes. Confirmation to the donor should be provided by the organization in the form of a Donor Contribution Form and whatever other form of confirmation the organization normally provides to donors.



Over the course of the program year, the organizations must prepare **two reports** for submission to IHCDA, which are combination donor and participant reports.

1. The first will report on the donations raised and accounts opened between July 1 and December 31, and will be due by the second Friday in January.
2. The second will report on the donations raised and accounts opened between January 1 and June 30, (the last day to distribute credits awarded) and will be due the second Friday in July.

IHCDA will use the donor information to send DOR a report each January.



As donors file their tax returns and claim their tax credits, IDOR will compare the information included in the donor's tax documents to the donor report submitted by IHCDA to determine the eligibility of the donor to receive the tax credit.

104 Program Timeline

The IDA Tax Credit program is a one-year program. Awards will be made in June, and credits must be distributed to donors between July 1st of the award year, and June 30th of the following year. IDA Accounts opened with tax credit funding during that time period are subject to this manual, even if they remain open past June 30, of the following year.

IDA Tax Credits follow the State of Indiana fiscal schedule, which begins on July 1 and ends on June 30. However, IDOR, coordinating with the Internal Revenue Service, has established a tax year that corresponds with the calendar year. This is why IHCDA requires

a benchmark report in early January – to report all prior year donations in time for the tax season.

Applications Open	March/April
Applications Close	May
Awards Announced	June
Contracts Issued by	July 1st
Returned Contracts Due	July 14th
Start Distributing Credits	July 1-14*
First Half Report Due on Donations 7/1-12/31	Second Friday in January
Second Half Report Due on Donations 1/1– 6/30	Second Friday in July

* Credits may be distributed once the contract has been signed.

IHCDA may, at its discretion, make small changes to the above timeline. If such changes are made, notification will be sent via the IDA listserv and posted to the IDA page on IHCDA's website.

SECTION 200: IDA Tax Credit Administrator Application Process

Sometime between March and May each year, IHCDA will release the latest IDA Tax Credit Program Manual, around the same time as the IDA Program Manual. The combined application for both programs will be released also around that time and remain open for submissions for three-four weeks.

201 Administrator Eligibility Requirements

Organizations that apply to be IDA Tax Credit Administrators must meet the following requirements:

1. Be an Indiana Non-Profit organization in good standing with the Indiana Secretary of State. (<https://bsd.sos.in.gov/publicbusinesssearch>)

2. Have received a ruling from the U.S. Internal Revenue Service of the United States Department of the Treasury under Internal Revenue Code 501(c)3, 501(c)4, 501(c)5 or 501(c)6.
3. Have received a ruling of tax exemption from the Indiana Department of Revenue under IC 6-2.5-5-21.
4. Have a board of directors consists primarily of community representatives and business, civic, and community leaders; and
5. Have a principal purpose that includes the provision of the following that primarily benefits low-income individuals and communities:
 - a. housing
 - b. community based economic development projects; or
 - c. social services

Indiana Code, which governs the IDA program, specifically refers to eligible organizations as “Community Development Corporations” or “CDCs.” However, it should be noted that IC 4-4-28-2 defines CDCs using the language in above numbers 4 & 5, so traditional CDCs are not the only eligible organizations for the IDA program; other types of nonprofit organizations may apply as well.

202 Application Timeline

- When:** Applications will be opened between March and May, usually for three to four weeks. **Organizations seeking to apply for IDA tax credits cannot rely upon receiving a notification directly from IHCD staff regarding the opening of the application period.** Organizations are responsible for becoming familiar with the time period that the IDA application is released, checking IHCD’s website for updates, and subscribing to the IDA Updates and Notices newsletter. **IHCD will NOT accept late applications.**
- Where:** The link to the application will be posted to the IHCD website along with a notice to the IDA subscriber list. **Only online applications will be accepted.**
- Who:** An appointed representative of an applying organization must execute the application. This may be the Executive Director, the CEO, the Treasurer, CFO, a member of the Board of Directors, or a staff person, contractor or volunteer with delegated authority from any of the above. **A person completing the application can represent more than one organization.**

What: The application will include information about the organization, its history with the IDA program, its participant recruitment plan and plan for fulfilling the program financial education requirements. The contact information provided in the application is what IHCDa staff will use to stay in contact with applicants, so it is important that it be correct and up to date. **Any changes in contact information after the application is submitted should be sent to ida@ihcda.in.gov.**

At the end of the application, there is a place for an email address to be provided; whichever email address is provided is where confirmation of the application submission will be sent. If the applicant submits inaccurate information or fails to complete the application, the applicant must use the link provided in the email confirmation to update their application.

No late submissions or updates submitted after the due date will be accepted. If an agency does not receive a copy of the IDA application after submission (in the confirmation email), they should email ida@ihcda.in.gov to confirm their application was correctly submitted, and if so, ask for a copy of that application. Before contacting IHCDa, please check the inbox for the email address provided at the end of the application.

Only one application per organization is permitted; if a second application is submitted, the first will be automatically deleted.

If applicants have any questions about the IDA Administrator application, they should email IDA@ihcda.in.gov

202.1 Restrictions on Tax Credit Requests

Organizations that have never participated in the IDA Program will not normally be approved for the IDA Tax Credit Program. It is IHCDa's intent that organizations learn how to manage IDAs in general before requesting and managing the tax credit process.

203 Award Method

Unless the total requested number of credits exceeds the total available credits (\$200,000), applicants that pass the threshold review will receive their full credit request.

If the total requested credits do exceed available credits, IHCDa will make award recommendations to the Board of Directors based on the quality of the applications and on applicants' history in the IDA program.

204 Tax Credit Award

Award announcements will be made after the IHCDa June Board Meeting.

Award agreements will be distributed electronically (via email). The agreement will be emailed to the awardee's executive director to e-sign. After the IDA Tax Credit Administrator's Executive Director e-signs the contract, the IHCDa Designee will e-sign the contract. The IDA Tax Credit Administrator's E.D. will automatically receive an executed copy of the contract after the IHCDa Designee e-signs. IDA Administrator staff should contact their E.D. for a copy of the contract. If the E.D. cannot find a copy, please email IDA@ihcda.in.gov.

The award agreement must be e-signed by 5:00PM Eastern Time on July 14th.

If IHCDa does not receive the e-signed award agreement by that deadline, the organization will lose the credits it was awarded for the current program year. The organization will receive a letter via email indicating that the documents were not executed and submitted in a timely manner and the award was de-allocated.

IDA tax credits may not be distributed until the award agreement is e-signed and the organization receives a final copy of the agreement, with IHCDa signatures, via email. **Even if the agreement is e-signed prior to July 1, the organization must still wait until July 1 to begin distributing the IDA tax credits.**

205 Award Agreement

Once applications have been reviewed and approved by IHCDa staff, they are presented to the IHCDa Board of Directors for final approval. Once that approval is secured, IHCDa staff work on sending each awardee a grant agreement.

The IDA Tax Credit Award Agreement spells out terms relevant to the operation and oversight of tax credits and Individual Development Accounts, which both IHCDa and the Administrator will be held to. An attachment to the award agreement will also state the number of IDA accounts an Administrator has been awarded, the match rate they must follow, the term of the agreement and the total credits they have to use for fundraising.

This agreement must be completed before the Administrator can move forward with distributing tax credits and setting up IDA accounts.

SECTION 300: Distributing Tax Credits and Raising Funds

Organizations must raise funds enough to provide a full \$4,500 match before they can open an IDA for a participant; an IDA cannot be opened if the organization cannot guarantee a full match due to lack of funds.

Distribution of tax credits can begin July 1, or the date the IDA TC agreement is completed, whichever is second. Each donation must have a corresponding Donor Contribution Form completed for organizations and donors to reference for reporting and tax filing purposes

301 Eligible Donors

Organizations that have received an allocation of IDA Tax Credits may distribute those tax credits to individuals, couples or business corporations with an Indiana tax liability.

Charitable organizations and foundations are not eligible donors.

301.1 Donations from Organizations or Corporations

Organizations and corporations are welcome to make IDA tax credit-eligible contributions. However, additional steps or information are required when reporting these contributions:

1. If an organization or corporation wishes to claim the credits itself, the organization/corporation's information (including total donation amount) should be entered into the Donor Contribution Form. At tax time, the organization will then claim the tax credit. The organization's owner or stockholders must NOT claim the tax credits on their individual/personal tax returns.
2. If an organization or corporation wishes to distribute the credits to its members or shareholders, then the value of the credits must be divided appropriately, and each division must be listed as a separate contribution in the Donor Contribution Form from the individual who will be claiming the credits. Ex: If Organization Z is splitting \$1,000 credits, from a \$2,000 donation, between 10 stockholders, each stockholder must receive a Donor Contribution Form with a \$200 donation and \$100 credit each

301.2 Donations from Families or Couples

If a couple files a joint tax return, then only the name and information of the Head of Household should be reported on the Donor Contribution Form.

If a couple files separately, only one person may claim the tax credit and so only their information should be provided on the Donor Contribution Form.

If a couple makes a single contribution, files separately, and wishes to divide their credits, then everyone should receive a Donor Contribution Form, with the donation divided appropriately between them.

301.3 Donation Examples Based on Donor Type

Sherlock Holmes purchases \$100 in IDA credits (a \$200 contribution), which he intends to claim on his Indiana State Tax Return.	Sherlock Holmes should be reported as the donor to IHCDCA.
Moriarty Consulting, LLC buys \$1000 in IDA credits (a \$2000 contribution) to offset their Indiana Corporate Tax Liability.	Moriarty Consulting, LLC should be reported as the donor to IHCDCA.
Mary and John Watson purchase \$250 in IDA credits (a \$500 contribution.) They intend to file jointly.	Only the head of household (John, in this case) should be reported as the donor to IHCDCA.
Baker Street Property Management, LP purchases \$1000 in IDA credits (a \$2000 contribution) which they intend to distribute to their five board members, who will each claim them individually.	Each of the Board Member's information must be collected and reported to IHCDCA. Each board member should be reported as an individual donor with a \$400 contribution.

302 Eligible Contributions

Eligible contributions include:

1. Cash
2. Check
3. Credit Card
4. Stock (that has been sold)
5. Donations designated to the recipient through United Way
6. In-Kind Donations (limited to building materials)
7. Property Donations (that will be used for or pertains to current IDA activity)
8. Donations from an IRA, including Qualified Charitable Distributions
9. Donations made from donor advised funds/trusts, in SOME cases

302.1 Multiple Donations

If a donor makes several individual contributions to an organization that are eligible to IDA tax credits, each donation should receive a Donor Contribution Form. But when those amounts are reported to IHCDCA, they should be reported as a single donation using the total combined value of the donations and the date of the final contribution.

302.2 Rounding

If a donation must be rounded, it must be rounded up to the nearest cent and reported accordingly.

302.3 Stock

Stock must be sold in order to be eligible for IDA tax credits. Due to all stock being sold, the contribution type for stock should also be shown as “cash.” The contribution amount that should be used for a stock donation is the amount of funds that the organization actually receives (the value of the stock at the time it was sold minus transaction fees and administration fees.)

302.4 United Way Designations

Donations made to the recipient via United Way designations are eligible for IDA tax credits. It is vital that this transaction is documented accurately in the organization’s records. The contribution amount that should be used to determine the IDA credit is the amount of funds that the organization receives after United Way subtracts any administrative or processing fees. Therefore, the donation amount is almost never exactly 50% of what the donor has contributed. The contribution type should be shown as “cash.”

302.5 Donations from IRAs

Donations from an individual’s IRA is an eligible IDA contribution, including Qualified Charitable Distributions. Make sure that the donor’s name is on the check.

If the donation made is a Qualified Charitable Distribution, it will not count towards the donor’s federal taxable income, but it will also not be eligible for a federal charitable contribution deduction.

302.6 Donations from 401(k)s

Donations from an individual’s 401(k) are eligible for IDA tax credits. Make sure that the donor’s name is on the check.

The distribution from the 401(k) that is donated will count towards the donor’s federal taxable income but will also be eligible for a federal charitable contribution deduction.

302.7 Donations from donor advised funds/trusts

For a DAF, the credit can be claimed by the donor with two caveats:

1. Only the donor can claim the credit. If the credit is being claimed by someone other than the donor, the credit is not allowable because it would not be considered that individual’s donation.
2. The credit may only be claimed based on contributions made before August 28, 2018. This is the result of the Internal Revenue Service regulations (Treas. Reg. 1.170A-1(h)) governing consideration for charitable gifts, including tax credits.

Donations from donor advised funds (DAF)/trusts are allowed in the following cases:

1. Is the person seeking to claim the credit the actual donor (or one of the actual donors) to the DAF?
 - a. If yes, go to 2.
 - b. If no, no credit is permitted except to the DAF itself.

2. Is the amount donated more than the individual's contribution to the DAF?
 - a. If yes, the maximum credit is the contribution less any prior distributions from the DAF by the donor. Go to 3.
 - b. If no, then go to 3.
3. Is the contribution from funds donated to the DAF prior to August 28, 2018?
 - a. For purposes of this, treat distributions as first-in, first-out.
 - b. If yes, then the credit is allowable.
 - c. If no, then go to 4.
 - d. If the answer is partially yes and partially no, then yes to the pre-2018 portion and go to 4 for the post-2017 portion.
4. For contributions to the DAF on August 28, 2018, and later, did the taxpayer comply with federal regulations under Section 170 and other federal provisions when the taxpayer can receive a benefit from a contribution?
 - a. If yes, permit the credit.
 - b. If no, deny the credit to the donor and allow for the DAF itself.

302.8 Membership Dues

Dues or fees associated with membership into an organization are NOT eligible to receive IDA tax credits.

302.9 When Donations are Larger than Available Credits

Sometimes, the IDA credits that an organization has available are smaller than a donor and their donation could receive. In those cases, the organization can still accept the full donation, but the amount on the Donor Contribution Form should only reflect the amount that will be eligible for an IDA Tax Credit.

For example:

- Organization Y has \$1,000 in IDA Tax credits left, which means only up to \$2,000 in donations would be eligible for an IDA tax credit.
- Organization Y has a Donor who wants to donate \$5,000.
- Organization Y can accept the full \$5,000 donation but must let the donor know that only \$2,000 of the donation would be eligible for IDA tax credits.
- The \$2,000 would result in the Donor getting a \$1,000 Tax credit to the donor.
- In the Donor Report, only the IDA-eligible portion of the donation should be reported; in this example, that would be \$2,000, not \$5,000.

302.10 Maximum Contribution

An individual contribution to an organization, as reported to IHCD for the purpose of IDA, may not exceed 200% of the total value of credits allocated to the organization during a program year. In other words, an organization must not promise a donor more IDA Tax

Credits then they were allocated by IHCD. **The sale of tax credits above and beyond the allocated amount to an organization will not be honored by IHCD or the IDOR.**

A donor may only claim up to \$25,000 in total tax credits each calendar year. The offset nature of the tax schedule (January – December) and the IDA cycle (July – June) makes it quite possible for a single donor to purchase far more than the statutory limit in a single tax/calendar year. It is recommended that donors who make significant purchases of tax credits be advised of this statutory limit. **Credits purchased more than this \$25,000 limit will not be redeemable**, even if they are purchased between two different program years or from multiple organizations.

302.11 Minimum Contribution

An individual’s reported contribution must be no less than \$100*. If an individual donor makes several small contributions in the same calendar year that total an amount greater than \$100, they should be reported as a single contribution using the date of the final contribution.

**Exception: If an organization has less than \$50 of tax credits remaining, then and only then will a donation of less than \$100 be accepted.*

303 Documentation Requirements

Organizations must recognize donations with a copy of the **Donor Contribution Form**; donors should receive a copy of that form while the organization keeps a copy for the IDA records. Organizations may also use any additional donation recognition forms, such as a traditional thank you letter; these should be used in addition to the Donor Contribution Form, which is required.

Typically, IHCD does not require that supporting documentation be submitted along with the reports. However, IHCD does reserve the right to perform oversight and monitoring on an organization’s donation records pertinent to IDA pursuant to IRS Publication 1771.

303.1 Records that Should be Kept

In addition to Donor Contribution Forms, organizations should keep the following documentation, based on donation type:

Cash or Credit Card Donations	Receipt copies (or letters)
Checks	Copies of the checks
Stock Donations	Copies of stock transaction reports/pages and thank you letters
United Way Designations	Copies of donor designation, documentation of receipt of donation, and/or employer paystubs from the donors

303.2 Determining Contribution Dates

The date of a donation must be identified on the Donor Contribution Form and when reporting the donation to IHCD (and ultimately to IDOR). Please use the following guidelines when identifying the date of donation:

1. **Cash, Credit/Debit Card** – the day the organization receives cash or the transaction is conducted
2. **Check** – the date shown on the check
3. **Stock** – the date the organization receives funds into their account (often times this is called the “settlement date”)
4. **United Way Designations** – the date that the donor contributed funds (often times this is the date of the withdrawal from the donor’s paycheck or the date the donor gave funding to United Way)
5. **Multiple Contributions** – Please list only the last contribution date for multiple contributions.
6. **CrowdFunding sites (GoFundMe, Kickstarter, YouCaring)** - Contributions should be recorded as having been made on the date the transaction was completed by the donor.

Remember, if a donor makes multiple donations, when reporting the donations to IHCD, the donation amounts should be combined, and the date used for should be from the most recent donation made.

304 Reporting Donations to IHCD

Twice a year, IDA Tax Credit Administrators will submit donor information to IHCD, which IHCD will forward to IDOR in time for the relevant tax year

304.1 First Half and Second Half Donor Reports

The **First Half Donor Report** will be due in January and must reflect donations made between July 1 and December 31 of the preceding calendar year, otherwise known as the first half of the program year. Donations will be organized by donor; if there are multiple donations made by a single donor, they should be combined, and the date of the last donation should be reported. For each donor, the following information must be reported:

1. Name
2. SSN or Federal ID
3. Address
4. Date of Contribution
5. Contribution Amount
6. Tax Credit

The **Second Half Donor Report** will be due in July, and the program year ends, and it must reflect will be due in January and must reflect donations made between January 1 and June of that calendar year, otherwise referred to as the second half of the program year. Donations will be organized by donor; if there are multiple donations made by a single

donor, they should be combined, and the date of the last donation should be reported. The information reported for each donor is the same as the First Half Donor Report.

304.2 Submitting Donor Reports

Because donor reports include incredibly sensitive information, the information must be provided to IHCDCA in as safe a way as possible. To do so, IHCDCA will create a shared file in its secure Sharepoint drive where Administrators can save their donor reports.

Each Administrator will have their own folder; access to that folder must be granted by IHCDCA staff, so each time someone new to an organization or to IDA Tax Credit needs access to that file, they will need to email IDA@ihcda.in.gov.

305 IDA Tax Credits and Tax Filings

Each January, IHCDCA will use donor reports submitted by Administrators to create one Donor Contribution Report, which summarizes all contributions made for the previous calendar year (January 1-December 31). That report is sent to the IDOR as documentation for donors who file the tax credits on their taxes. The report includes the following information:

- Donor name
- Donor Tax ID
- Donor Address
- Date of the Contribution
- Amount of their Donation eligible for tax credits

The report is submitted in late January and uploaded by IDOR. As donors file their taxes, they will claim their tax credits on their Schedule 6 with the code 823. That claim is either accepted or rejected by IDOR.

Donors may only claim tax credits the tax return for the calendar year in which the associated donation was made. Example: A donation made on January 10, 2023, with 2021 IDA credits will be reported on the donor's 2023 tax return.

305.1 A Rejected Tax Credit

If the tax credit is rejected, then IDOR will send the donor a letter indicating that the tax credit was rejected, and it is unable to file the credit with the tax return. Tax credits are rejected by IDOR often for one of the following reasons:

1. No contribution was included on the Donor Contribution Report, so IDOR did not receive any information about the donations to verify the donor's tax return.
2. The taxpayer information in the report to IDOR does not match the information on the donor's tax return.

Most often, the donor will call IDOR. IDOR will refer the donor to the organization that received the contribution or to IHCD. Reconciliation of most tax credit issues will reside with the organization that received the contribution or IHCD.

If the donor contacts IHCD, the IHCD staff will review the relevant Donor Report to ensure that a contribution was submitted, and that the report's information matches what the donor thinks should be submitted. If the information is correct on the Donor Report, then IHCD will work with IDOR to get the credit uploaded in the system.

IHCD will refer the donor to the organization that received the contribution if the information on the report is missing or incorrect.

If the organization submitted the donor's credit, but a piece of information is incorrect, IHCD will work with the organization to correct the information and resend it to IDOR.

305.2 How to Reconcile Tax Credit Issues

To begin the process, the organization must ensure that the donor's tax return matches the amount filed on the report. If the donor's contribution amount listed in its tax return differs from the organization's records, then the donor will need to work with IDOR to update the tax return. If the amount was listed incorrectly on the Donor Report, then the organization must work with IHCD and IDOR to resolve.

Tax Credit Not Filed by the Organization:

If the IDA tax credit was denied because it was not included in the Donor Report, then the donor will be referred to the organization where the donation was made.

To help avoid this issue, organizations should review their submitted donors reports several times before due dates and for a day or two afterwards.

Taxpayer Tax Return Does Not Match Report to IHCD/IDOR:

An IDA tax credit may be rejected if the taxpayer information contained in the Donor Report does not match the information filed by the donor on his or her tax return. For example, Jane Doe donated \$200 to ABC Community Group with a tax identification number of 35-1263548. When the report was entered, Janetta R Doe was entered with a tax identification number of 35-1263549 and a donation of \$200. IDOR's system will reject the credit, and the donor will be alerted directly.

A tax credit may also be rejected if the amount of the credit filed on the tax return does not match the amount of the credit filed in the report. Jane Doe donated \$200 to ABC Community Group with a tax identification number of 35-1263548. When the report was entered, Jane Doe was entered with a tax identification number of 35-1263548 and a

donation of \$100. DOR will reject her request for a credit for \$100 because the donation amounts do not match.

Whenever a donor is alerted by DOR that their tax credit is reject, they must contact the IDA Administrator to correct the information. The organization must verify that the donor's information matches what was submitted on the tax return. Once the information is corrected in the organization's records, it must send an updated Donor Report to IHCD, and request that IDOR's records be updated as well.

Exceeded Maximum Contribution Limit:

A tax credit may be denied because the taxpayer has claimed more than \$25,000 in IDA tax credits. Anything over \$25,000 will not be honored by IDOR, so organizations should make very clear to the donors they work with that donors cannot claim more than \$25,000 in a single calendar year, even if it is between two different IDA program years.

Other Common Issues

- 10. Names on Donor Contribution Report not matching Donor's Tax Return
- 11. Donations Made by Corporations on Behalf of Employees
- 12. Multiple Donations by the Same Person or Same Tax Identification Number

SECTION 400: First Steps for Signing up Participants

Once an organization signed its IDA Tax Credit agreement and begins to distribute tax credits in exchange for funding, it should also begin to take the steps below.

REMEMBER: as IDA account should only be opened once an organization has enough funding set aside for it to receive the full \$4,500 in match.

401 Review IHCD Resources and Attend IHCD 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, it's associated appendix, and other helpful program documents can be found on the IHCD Partnership Portal/ IDA page, under the Tax Credit section: <https://www.in.gov/ihcda/program-partners/individual-development-accounts-ida/>.

Information about upcoming training opportunities will also be posted to the IDA webpage. IDA Tax Credit 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.

IHCDA may provide additional training at the request of Administrators.

402 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 Tax Credit Administrator partners with a Financial Institution that understands the IDA program.

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 Tax Credit Administrators are required to secure a Financial Institution partner as a part of their IDA Application.

403 Plan for Success

Some IDA Tax Credit Administrators have found it difficult to retain program participants until they are ready to make an asset purchase. Long-term saving on a low income is tremendously challenging, so IDA Tax Credit 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 help 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 500: Participant Application, Eligibility and Acceptance

Once all the initial program steps are taken, an IDA Tax Credit Administrator should then focus on developing a list of potential IDA participants.

501 Information Meeting and Interview

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.

502 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. The 'No Previous IDA Account Affidavit' signed by the applicant and all their household members
6. 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.

503 Client Eligibility Criteria (Point-in-Time)

Once all application items have been submitted, the IDA TC program administrator will review all documents to determine the eligibility of the prospective participant against program requirements. While determining eligibility, the IDA Tax Credit 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 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 Tax Credit 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.

504 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 TC 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 Work or Volunteer Program Stipends such as AmeriCorps or Senior Corps

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

504.1 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 Tax Credit 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.**

505 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.

505.1 Federal Poverty Level

The chart below displays the maximum household income allowed based on household size using the most recent Federal Poverty Guidelines. IDA Tax Credit Administrators should use the most up-to-date Federal Poverty Guidelines when income-qualifying a household.

505.2 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.

505.3 Dependent Income

For individuals that have dependents in their household, that dependent must be counted towards the household member total. However, there are certain circumstances when any income earned by the dependent does not need to be counted towards an IDA applicant's household income total:

- Income for high school students (or younger) who are a dependent member of the household is NEVER counted, even if the dependent is over 18. Proof of enrollment in school or report card must be provided.
- Income from a full-time college student, up to age 23, who is a dependent of a member of the household should NOT be counted. Proof of student status, such as a schedule or letter that he/she is enrolled for 12 credit hours or more per semester, must be provided.

505.4 Household Income Determination

To determine a prospective participant's household income, IDA Tax Credit 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). Keep in mind that the Federal tax return can only be used if it was filed within the past three months; if the applicant is self-employed, it may be used for up to 12 months.

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 below for more information.

Step 2 – Input data on the IHCDA Income Calculation Worksheet to determine the total weekly or 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's name, date of completion and household size. The remaining information will auto-calculate from all other tabs to determine where a participant is eligible to participate in the IDA TC program.
 - “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 Tax Credit Administrators should enter the gross amount for 2 paystubs or similar documentation 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.**

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.**

Income	Head of Household	Household Member 2	Household Member 3	Household Member 4
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				
Total/Household Member	\$0	\$0	\$0	\$0
TOTAL HOUSEHOLD INCOME:	\$0			

505.5 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.

505.6 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. To decrease burden on Administrators, IHCD 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 IHCD recommends Administrators consider include the Energy Assistance Program (EAP), and Weatherization. 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.

506 Residency Documentation

An IDA TC 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

507 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 or IDA TC 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.

508 Age Requirement

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

509 Waivers for Foster Children

To make the IDA TC program more accessible to children in the foster care system, the following waivers to IDA TC program rules are allowed:

- **Household income:** a foster child may be considered head of their own household, separate from the household they are currently placed in, so that their household income does not need to include that of their foster family.
- **Previous IDA experience:** a foster child may still be eligible for an IDA, even if someone in their family placement currently has or had an IDA in the past.
- **Residency:** a foster child interested in the IDA TC program must be an Indiana resident when they are first deemed eligible to participate. If they become a resident of another state, they immediately become ineligible for further match claims or for asset purchases. However, instead of immediately terminating the foster child from the program (as is required in all other cases), the Administrator may give the foster child a six-month grace period to return and continue participating in the program. If the foster child does not return within 6 months, the Administrator must close their accounts and list them as a non-graduate of the program.

These exceptions are ONLY for foster children interested in the IDA TC program. No other children are subject to these rule changes, nor are adult foster parents.

IDA Tax Credit Administrators should pay particular attention to asset purchases made by foster child participants; purchases must only directly benefit the foster child participant or their dependent, and not a foster parent.

510 Credit Score

An updated credit score is necessary as a part of the application process and then as part of the graduation process to show the impact of the IDA TC 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 TC participant is facing that should be addressed during the program via credit counseling or other services.

511 Accounts for Agency Staff

The IDA Tax Credit 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 TC Program Year Agreement, unless otherwise approved by IHCD.

To approve a staff member into the IDA TC program, the IDA Tax Credit 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.

512 Participant Readiness

Not every eligible prospective participant is an ideal candidate for the IDA TC program. Certain barriers that may impede a prospective participant's ability to save should be taken into consideration when screening prospective participants 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 Tax Credit 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 Tax Credit 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 TC 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 TC 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 Tax Credit Administrator with determining whether the IDA TC 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 TC 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 1202. **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 TC program will NOT be eligible to participate in the IDA TC or regular program in the future.**

513 Eligibility Determination Timeline

After receiving a completed application, the IDA Tax Credit 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)

513.1 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 the IDA Program, as this is a great method of screening the enthusiasm and seriousness of potential IDA participants.

513.2 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 the eligibility requirements but would otherwise not be a good fit for the IDA program.

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

514 Period for Saving, Match and Asset Purchase

Each IDA TC participant will have five years from when they opened their IDA **to save, receive match and make an asset purchase**. By the end of those five years, the IDA participant will either have graduated or will automatically terminate from the IDA program.

Participants can complete the program sooner than five years, and in fact are encouraged to do so.

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

515 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.

515.1 Beneficiary is a Family Member

If the beneficiary is a family member, and qualifies for an IDA TC account, they may elect to join the IDA TC 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 original five years. At that point, the beneficiary will be considered a regular IDA TC participant, which means they will be ineligible for another IDA in the future, regardless of whether 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 your organization for use as match for another IDA. The beneficiary would be eligible for an IDA in the future, since they did not benefit from the IDA TC program.

515.2 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 your organization, 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.

516 Savings Plan Agreement

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

The Savings Plan Agreement ("SPA") reflects a commitment between the IDA Tax Credit Administrator and the IDA Participant and outlines the IDA participants and IDA Tax Credit 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 TC 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 600: 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.

601 Participant Bank Account Structure

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

IDA TC participant savings accounts are "custodial accounts" that are jointly owned by the IDA TC participant and the IDA TC Administrating Agency. The accounts should be in the name of the IDA TC participant with the Administrating organization (not a specific employee) listed as the custodian. As a custodial account, the IDA TC 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 Tax Credit Administrator.

602 Banking Features

IDA TC participants shall make regular deposits at designated locations as specified by the partnering financial institution and the IDA Tax Credit Administrator. **IDA TC participants may not make withdrawals without the written consent of the IDA Tax Credit 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 TC participant funds (both individual and match) and to secure the integrity of the IDA TC Program.

IDA TC participants should receive monthly bank statements that detail deposits into the personal savings and match accounts. These deposits must be matched with funds raised from distributing IDA tax credits to donors in exchange for contributions.

603 Initial Enrollment Deposit

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

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 TC participant deposits will be matched at a rate of 3:1. The IDA TC 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 Tax Credit Administrators must match funds at least quarterly.

604 Regular Savings Deposits

Each IDA participant can save a maximum of \$1,500 while participating in the IDA program over the course of five years. 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.

605 Deposit Options

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

Option 1: An IDA TC 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 TC 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 TC participants are advised to make sure funds are always available monthly for the automatic transfer.**

Option 3: If an IDA TC participant is unable to set up regular electronic deposits, he or she must visit the partnering financial institution 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.

606 Maximum Match

The IDA TC program is a 3-to-1 dollar match, so that once participants have saved \$1,500 within five years, they will be matched with \$4,500 in state funds, although that match can and should occur over time as the participant saves.

607 Savings Account Deposits and Benefits

According to state regulations, IDA TC 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).

608 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 TC 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 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 the IDA Tax Credit Administrator to be used for another IDA TC Participant.

SECTION 700: Training and Counseling Requirements

Once an individual is accepted into the IDA TC program and their accounts are set-up, the next step is to ensure they relate to Financial Education and Asset-Specific Trainings. Both types of trainings are required as a part of the IDA TC 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.

701 Required Financial Education Training

The purpose of financial education training is to help IDA TC participants further develop money management strategies and techniques. To do so, IDA Tax Credit 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 Tax Credit 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 Tax Credit Administrators may facilitate financial education through individual or group meetings or the IDA Tax Credit Administrators may refer participants to training partners or programs within the local community. All completed financial education must be documented in the IDA TC participant's file. Participant's completion of the financial education will be verified during compliance visits by IHCD.

IDA Tax Credit 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 TC participant chooses to complete an online course, the IDA TC 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.

702 Required Asset-Specific Training

In addition to basic financial education training, each IDA TC participant is required to complete asset-goal specific training, as appropriate for the IDA TC participant's asset purchase. 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 Tax Credit Administrators may facilitate asset goal specific training through individualized or group meetings. Or the IDA Tax Credit Administrator may refer participants to training partners or programs within the local community. All completed asset goal specific training should be documented in the IDA TC participant's file.

Below are some topics that IHCD 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.

702.1 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.

703 Additional Financial Coaching or Credit Counseling

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

IDA Tax Credit Administrators may refer IDA TC 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 Tax Credit 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 TC 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 TC participants to meet regularly, refocus on their IDA goals and reflect on their progress and setbacks
- Help IDA TC 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 TC participants a feeling of accountability to one another

704 Case Management

Pairing case management with the financial coaching/counseling and training provides the IDA TC participant with a comprehensive and intensive experience. IDA Tax Credit 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 Tax Credit 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 800: Asset Purchase Process

IDA TC 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.

801 Eligible Purchases

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

801.1 Purchase a Primary Residence

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

- Single site home
- Multi-unit home, if the participant plans to make one of the units their primary residence
- Prefabricated house
- Condominium

The IDA TC participant (or their dependent if the account is meant for them) must be listed (with or without other parties) 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.

801.1a FHA and IDA

IHCDA has received confirmation that IDA savings and match funds may be used in the FHA program. If lenders have questions about this, FHA directs them to the Single-Family Policy Handbook 4000.1 for guidance. If lenders still have questions, email IHCDA for a copy of the email correspondence from FHA.

When using IDA Tax Credit funds, Administrators may need to provide confirmation that donors who provided tax credit contributions are not a party to the home purchase.

801.2 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 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.

801.3 Education and Job Training

IDA TC 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.

801.4 Owner Occupied Rehabilitation to a Home (located in Indiana)

IDA TC 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 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 or systems 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.

Pest Control

Treatments to address pest issues in an Indiana resident is an allowable use of IDA TC funds for home repair, but ONLY if additional repair measures are undertaken; pest control cannot be the only use of IDA funds for home repair. This is allowable to help prevent the need for future repairs and to help ensure that any other repairs that are completed may last longer.

801.5 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 TC participant's home to their place of employment or educational institution, bus schedules showing unreasonable timetables 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.

801.6 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 TC program. Expenses that fall under this include (but are not limited to):

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

802 Asset Purchase Quick Reference

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

Motor vehicle Purchase	<ul style="list-style-type: none"> • Actual costs of motor vehicle purchase • Taxes • One-time fees associated with the cost of purchasing a motor vehicle 	<ul style="list-style-type: none"> • Insurance • Gasoline • Motor vehicle modifications • Repairs 	Vendor	<ul style="list-style-type: none"> • Purchase agreement • Invoice • Carfax report (or similar) • Driver's license • Auto Insurance • Bill of Sale and Title • Motor vehicle registration
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803 Qualified Asset Purchase Procedure

IDA TC 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 Tax Credit Administrator of the IDA TC participant's intent to purchase and schedule appointment for approval.** IDA TC 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 TC 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 Tax Credit 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 Tax Credit 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 Tax Credit 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.

803.1 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 Tax Credit 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.

804 Emergency Withdrawal

Emergency withdrawals may be approved at the discretion of the IDA Tax Credit 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 TC participant's primary residence
- To pay for medical care expenses or obtain medical care for the IDA TC participant, his or her spouse, or a dependent of the IDA TC Participant
- To pay critical living expenses such as food supplies or heating expenses for the IDA TC participant following loss of employment

Approved emergency withdrawals may only be made from an IDA TC participant's personal savings account. Match funds may **NOT** be used for unqualified expenses, including emergency withdrawals. The IDA TC 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. **Additional match funds may NOT be provided.**
2. **Asset purchase withdrawals** are prohibited

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

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

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

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

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

1. Complete and submit an Asset Purchase Withdrawal Form to the IDA Tax Credit Administrator
2. Schedule a meeting with the IDA Tax Credit 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 Tax Credit Administrator to arrange for the withdrawal of funds from the IDA TC participant's IDA personal savings account.

The IDA TC 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 and prohibition from future participation in the IDA program.

IHCDA Recommendation: Emergency withdrawals should have a higher level of scrutiny. Case notes from the IDA Tax Credit Administrator explaining the rationale along with all supporting documentation should be placed in the applicant file.

805 Withdrawal of Saved Funds over \$1,500

Often, IDA Participants will save over the max \$1,500 that the IDA Tax Credit Administrator can match with donor funds. Even though anything saved over \$1,500 will not be matched, saving more than that is completely acceptable and should even be encouraged, especially if the asset they intend to purchase costs more than \$6,000.

Usually, if those extra saved funds are not used during an asset purchase, they are released to the Participant when their account is closed. However, there are some cases when a Participant may need those funds prior to leaving the program. While not encouraged, it is allowed that Participants be able to withdraw funds saved over \$1,500 for something other than an allowable asset purchase. The Asset Purchase Withdrawal Form would still need to be used, with the option checked at the top showing the withdrawal is for funds saved over \$1,500. In that case, the check can be written to the participant, but match funds may NOT be withdrawn at the same time.

It is important that if Administrators allow this, that they only do so when a Participant has saved over \$1,500, and then keep good notes on the situation and transaction in the Participant's file. Making an unmatched withdrawal may make it more difficult to keep track of what has been saved and matched, so Administrators should exercise extreme caution when they approve this type of withdrawal.

SECTION 900: Participant Account Closeout

901 Graduates vs. Non-Graduates

There are two types of account closings: "Graduate" or "Non-Graduate." The goal of the IDA TC program is to have every IDA TC participant graduate within five years. Despite best efforts, not all IDA TC 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 TC 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 IDA Tax Credit Administrator.

A **Graduate** has successfully completed their savings plan, received all match funds, made all asset purchases, and completed the IDA program within five years. 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 TC program to be a good fit for his/her financial status
- Exceeded five years 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.

902 Participant Termination

Both the IDA Tax Credit Administrator and IHCD have the right to dismiss an IDA TC 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 this manual. 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 of starting the IDA program.
- Unauthorized savings withdrawal(s).
- Failure to “graduate” from IDA program and draw down funds within five years.

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

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

As with regular account closures, once an IDA TC participant is terminated from the IDA TC 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 the IDA Tax Credit Administrator. The IDA status will be changed to Closed. The IDA participant will be ineligible for future IDA accounts.

SECTION 1000: Program Administration Responsibilities

1001 Reporting on IDA Participants to IHCD

When an IDA Tax Credit Administrator submits their twice-yearly donor report in January and July, within that same document they must submit a report on all IDA TC Accounts that were opened at some point during that reporting period.

The First-Half Report will be on all accounts that were open at some point between July 1 and December 31 of the program year. The Second-Half Report is exactly the same, except is for accounts open at any time between January 1 and June 30 of the program year. For each account, the following must be reported:

1. Participant name
2. Date IDA was opened
3. Total current savings
4. Total current match
5. Asset type
6. Current account status
7. Date IDA closed, if applicable
8. Reason for closing, if applicable
9. Total savings used by participant thus far
10. Total match used by participant thus far

The Second-Half Report will act as a Closeout Report for the program round.

1002 Maintaining Participant Files

IDA Tax Credit Administrators are responsible for keeping comprehensive and up-to-date IDA TC 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 TC 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 Participant 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

1002.1 Participant File Structure

The IDA TC 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 the following documentation, with specific information as determined by the asset purchase.

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 another 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 TC staff should write the participant number on all documents where no such identification exists.*

1003 Confidentiality and Security

It is important that the IDA Tax Credit 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 IHCDA and IDA Tax Credit 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 TC Program.

1003.1 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 Tax Credit Administrator releases information.

1003.2 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

1003.3 IDA TC 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 TC 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.

1003.4 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 TC program must be standard across all service providers. For that reason, any document that has an IHCD logo is proprietary to IHCD and must not be changed or altered by the agency. In addition, the IHCD legal department has reviewed these documents to assure their compliance with state and federal guidelines.

1003.5 Records Retention

The Administrator 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 IHCD 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 IHCD. 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.

1004 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 TC program.

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

- No person shall, based on 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 TC 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 based on sex in Indiana's IDA program or any activity receiving Federal financial assistance, whether such program or activity is offered or sponsored by an educational institution.

Meaningful Access to Limited English Proficient Persons

- Persons who, because 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 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 Tax Credit 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 1100: Program Compliance and Monitoring

The State has the responsibility to ensure that all Administrators are correctly carrying out the administration of the program.

1101 Internal Controls

All agencies are required to have internal controls for the IDA TC program. The internal controls ensure program performance and integrity which are designed to follow the IDA TC 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 in participant files or other locations
- How to approve IDA TC 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 IHCDA

1101.1 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 Tax Credit 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 TC participant is or has met all program requirements according to the policies set forth in this manual and that the IDA TC 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 TC program such as internal controls, meeting performance benchmarks, reporting requirements, providing account match funds, and tracking use of match funds.

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

1101.2 Processing Applications of Relatives and Staff

Any prospective participant, employed by the IDA Tax Credit Administrator full-time, part-time or contractually, defines the IDA Tax Credit 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/ Stepchild 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 Tax Credit Administrator or relative of staff of an IDA Tax Credit 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 Tax Credit Administrator’s Board of Directors or a board committee.

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

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

1101.3 Conflict of Interest

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

1102 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 participant's application and supporting documentation again or review the asset purchase information
- If necessary, conduct a fraud investigation
- Notify IHCDA of a fraud investigation and results when completed

1102.1 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 donated 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 TC 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 review 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 Recorders 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 IHCD Community Programs Monitor and Compliance Attorney are available to assist at any phase of the investigation, if needed. Contact IHCD Community Programs staff or Compliance Attorney to inform of all alleged or substantiated acts of fraud, waste and abuse.

1103 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 TC funds are 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 Administrator. 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. IHCDAs 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.

1104 IHCDAs Monitoring

As a part of Indiana's program integrity plan, IHCDAs or a sub-contractor of IHCDAs may conduct a monitoring review (onsite- or by desk-top) to verify the proper application of the IDA TC program operations as needed.

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 use and tracking of funds donated for the use of IDAs, including an assurance that no more than 20% was used for administrative purposes. Additionally, the most recent "Single Audit" is reviewed for compliance issues and the status of any corrective actions resulting from those findings.

1105 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.

1105.1 Initial Agency Response

The agency must either accept the submitted report or provide an informal appeal to specific issues identified in the report. The Administrator 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 Administrator agrees with any issues identified in the report, the Administrator must begin to correct these issues and submit supporting documentation with its written response.

1105.2 Monitoring Appeals Process

If the agency informally appeals (disagrees with) any item on the monitoring report, the Administrator 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 Administrator's **Informal Appeal**, the agency will receive a revised monitoring report that it will use to ensure all actionable items are completed.

- b. If IHCD does not agree (in-full or in-part) with the Administrator's informal appeal, the Administrator will receive an **IHCD informal appeal reply**. The response will acknowledge which issues have been approved or still stand as identified.
- 2. The Administrator will provide a **second response** within ten (10) calendar days. (If applicable)
 - a. If the Administrator agrees with the reasons described for not changing items identified in the informal appeal, the Administrator's second response is to be sent to the Community Programs Manager- IDA acknowledging such.
 - b. If the Administrator disagrees (in-full or in-part) with IHCD's informal appeal response, the Administrator 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.

1106 Compliance

Compliance is essential in assuring overall program success. IDA Tax Credit Administrators are monitored to determine whether they have continuously met the established program guidelines and government legislation as instructed in IHCD contracts, the IHCD provided Program Manual, and IHCD Guidance. 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.

Any Administrator 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.

1106.1 Failure to Meet Compliance Expectations

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

1106.2 Monitoring Completion

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

It is the responsibility of the Administrator 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 1200: Additional IDA Tax Credit Program Policies

1201 Notice for Program Termination

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

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

1202 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 Tax Credit 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.

1202.1 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 Administrator will add their appeal contact information to the Applicant Notification Letter
 - b. The applicant must send his or her appeal to the local agency Administrator's IDA Manager or Executive Director within ten (10) business days of receipt of the denial. The Administrator 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 Administrator will add the IHCDAs appeals contact information to their written response letter
2. If the applicant is still not satisfied with the Administrator determination after review by the agency Executive Director or designee, he/she may request a review by IHCDAs. The applicant must send a written request within ten (10) business days of receipt of the agencies appeal determination to:

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

- a. If an applicant needs assistance with this procedure, they may contact IHCDAs at IDA@ihcda.in.gov.
3. IHCDAs 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.

1202.2 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 IHCDAs 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 IHCD's receipt of the written request to review the file and make a determination. The decision of the Director of Community Programs is final.

1203 Acknowledging IDA Funders

The Indiana Housing and Community Development Authority (IHCD) 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 IHCD award.

Publications that should include an acknowledgement of IHCD 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.