



## **IDA and IFPN PROGRAM CHARACTERISTICS:**

### **Individual Development Account (IDA) Program**

The State of Indiana's IDA program was established pursuant to House Enrolled Act 1425 of the 1997 General Assembly under I.C. 4-4-28. The Indiana General Assembly authorized the IDA program as a 4-year pilot program, making this program one of the first large-scale IDA programs in the country. It was renewed and established as a permanent program by House Enrolled Act 2130 (2001).

The program provides matching funds for qualified low-income individuals to pay for five eligible activities:

1. Costs of post-secondary education or vocational training for the qualifying individual or dependent;
2. Costs of attending an accredited or licensed training program that may lead to employment for the qualifying individual or dependent;
3. Costs of purchasing a primary residence for the qualifying individual or dependent, or to reduce the principal amount owed on a primary residence that was purchased by the individual or a dependent of the individual with funds from an IDA;
4. Costs associated with the purchasing, start-up, or expansion of an existing business; and/or
5. Costs associated with rehabilitating the home of an IDA participant (when a primary residence) for permanent, essential improvements including, but not limited to, costs associated with: weatherization; heating and cooling; siding; and other necessary improvements which add value to the home and its resale price.

This program is administered through 32 sponsoring nonprofit community development corporations (CDCs), where matching funds are deposited into parallel accounts in 42 partnering financial institutions. The Indiana Housing and Community Development Authority (IHCDA) is authorized to establish 800 new IDA accounts each fiscal year. Savers are matched \$3 for each \$1 of earned income deposited by qualifying individuals, with up to \$400 matched annually, each year for four consecutive years.

In the past, IHCDA received funds from the state's General fund to administer Indiana's IDA Program. In the last two years, IHCDA has opted to not draw down the appropriations and instead these funds have come from internal IHCDA funds. These funds are then disbursed to various non-profit organizations around the state, who work directly with participants to administer the IDA program on behalf of the state. In addition to state funding, Indiana has the opportunity to receive Federal match dollars for its IDA program through a competitive grant application process. Though not guaranteed, Indiana has historically been and continues to be successful in receiving an annual \$1 million award allocation through the Assets for Independence Act, which doubles our annual program income. To date, Indiana has been allocated more Federal funds for purposes of our IDA Program than any other AFI grantee.

## **Indiana Foreclosure Prevention Network (IFPN) Program**

The Indiana Foreclosure Prevention Network is a program that is intended to assist homeowners at risk of foreclosure work with their lenders to find solutions in lieu of foreclosure. This is important, as each foreclosure in Indiana conservatively costs stakeholders (local government, lenders, neighboring property owners, etc.) over \$40,000. Over the years, billions have been lost due to foreclosures in Indiana.

IFPN's primary duty is to offer free foreclosure prevention counseling services to Indiana homeowners who reside in their home and wish to avoid foreclosure. Homeowners are connected with one of over 100 counselors in over 26 agencies statewide by calling a free helpline (1-877-GET-HOPE) or by completing an intake form on the IFPN website ([www.877gethope.org](http://www.877gethope.org)). Roughly 30,000 people contact the IFPN to take advantage of these services each year.

In addition to the primary counseling duties, the IFPN works closely with and funds the Indiana Supreme Court's Mortgage Foreclosure Trial Court Assistance Project (MFTCAP). MFTCAP works with judges throughout Indiana in implementing facilitation and coordination of mortgage foreclosure settlement conferences per IC 32-30-10.5.

Funding for the IFPN comes primarily from three sources. The first, and to date largest, source is federal funds through the National Foreclosure Mitigation Counseling (NFMC) program. This pays for direct counseling services and some minimal oversight administrative functions, such as providing technical assistance and training to the counselors. In our most recent award, from January 2010, we received \$1.5 million from NFMC. The second primary source is from the mortgage foreclosure recording fee – with this, lenders must pay \$50 to the county clerk every time that they file a foreclosure suit in Indiana. To date, we have realized just over \$600,000 from this funding source. The third primary source is from philanthropic and lender donations, the bulk of which are used for marketing and outreach activities.