



INDIVIDUAL DEVELOPMENT ACCOUNT PROGRAM MANUAL

IDA018 (2018-2019)

The Road to Asset Building

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SECTION 100: IDA Program

101 History

State

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

Indiana is one of the oldest programs in the country and one of the last two programs that use the state-driven model. Since the program existed prior to AFI's program development, Indiana was grandfathered into AFI's program under the Indiana Code passed in 1997. Because Indiana was grandfathered, Indiana is exempt from Sections 407-411 of AFI legislation. This has allowed flexibility in eligible asset purchases, match rates, business plan approval and educational expenses. However, Indiana must follow AFI legislation in the absence of Indiana Code language.

In PY2016, several new asset purchases were added to the program in able to expand participant opportunities for asset building. Vehicle purchases, owner occupied home repairs and one-time principal reduction payments if participants have purchased their home using IDA funds and have additional funds remaining.

Federal

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

Studies of ADD revealed several valuable lessons:

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

The key elements of effective IDA programs include match rates, parallel account structures, broad-based partnerships, and financial management education and asset-goal specific training programs.

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

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

102 Program Summary

Reference: Community Opportunities, Accountability, and Training and Educational Services Act of 1998 (Title IV also known as the Assets for Independence Act) and the Indiana Code 4-4-28

Individual Development Accounts are matched savings accounts designed to encourage low-income families to save for the purchase of an asset (e.g., home, education/job training, or small business). Participants in the program are required to successfully complete financial education as well as training related to a specific asset purchase.

The program year is July 1st to June 30th. The program covers all of Indiana's 92 counties and is administered by over 30 local program administrators with Community Development Corporations (CDC).

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. The manual captures best practices from the field and provides a model for effective program management.

103 Technical Assistance

IHCD will provide training and technical assistance to the agency IDA Program Administrators, as needed or requested. IHCD hosts an annual training, either in Indianapolis or in regional hubs (depending on available funding), and will host regular conference calls for IDA administrators. For additional information about available training and technical assistance, please contact:

By email: IDA@ihcd.in.gov

IHCDA Partnership Portal/ IDA page:

<https://www.in.gov/myihcda/ida.htm>

SECTION 200: OUTREACH AND ELIGIBILITY

Any person interested in participating in this program should contact a program administrator in his or her area for information. A listing of approved program administrators is located on IHCDA's website at <http://www.in.gov/ihcda/2403.htm> under "Matched Savings Opportunities".

201 Information Meeting

The first step in developing the IDA Program is to have Information Meetings. The goal of the information meeting is to provide prospective individuals 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

Informational meetings can be offered individually or in group session as well as in conjunction with other aspects associated with the program such as scheduled training sessions or an agency "open house".

202 Application Process

Resource: Appendix- Participant Application or the online application at <https://www.vistashare.com/ot2/ssview/intake/a53178217d2642d1af35ca3eaeba0212>

After the informational meeting has been completed, each prospective participant should go through an initial interview and screening process. Once the interview and screening has been completed, the prospective participant should receive an IDA application or be directed to the online application to complete. Also, provide an application checklist to assist them with fully completing the application and providing the necessary supporting documents.

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:

- Copy of the most recent two (2) weeks of consecutive pay stubs for all wage earners in the household at the time of application.
- Copy of the prospective participant's most recent Federal tax return (filed less than 12 months prior to date of application).
- Copy of their credit report and score (cannot be more that 30 days old prior to the application date). There is no required company that must be used in obtaining such information.

Other income documentation that may be considered if the above information is not available:

- Salary, wage statements or W-2 forms

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

203 Determine Client Eligibility (Point-in-Time)

Reference: IC 4-4-28-6 and IHCDA IDA Participant Agreement

Each prospective participant must return a completed IDA participant application along with credit score.

The IDA Administrator will have seven (7) business days to make a determination.

The IDA program administrator will review the submitted application to determine the eligibility of the prospective participant against program requirements. In addition the IDA administrator to 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
- Be a resident of the state of Indiana
- Meet any additional requirements required by the IDA Administrator (i.e. service area limits, specific target population and any other requirements set by the administrator).

Participation in the IDA program is generally granted on a first-come, first-served basis and cannot exceed the total number of participants awarded in the IDA Agreement. The seriousness and ability of the program applicant to actively save should be a factor in the review process before taking one of the participant slots. The CDC 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%) of the total participant accounts awarded on the IDA Agreement, unless otherwise approved by IHCDA.

204 Federal Poverty Level

This chart displays the maximum household income allowed based on household size using the Federal Poverty Guidelines.

Year: 2018		200% FPG Maximum Household Income Allowed		
Household Size	100% Poverty Guidelines	Annually	Monthly	Bi-Weekly
	1	Annually	\$24,280	\$2,024
2	\$12,140	\$32,920	\$2,744	\$1,266.16
3	\$16,460	\$41,560	\$3,464	\$1,598.47
4	\$20,780	\$50,200	\$4,184	\$1,930.77
5	\$25,100	\$58,840	\$4,904	\$2,263.08
6	\$29,420	\$67,480	\$5,624	\$2,595.39
7	\$33,740	\$76,120	\$6,344	\$2,927.70
8	\$38,060	\$84,760	\$7,064	\$3,260.00
For each additional person, add \$4,320				

205 Asset Net Worth Test

Reference: Title IV-Assets for Independence Act, Section 408 (a)(2)

Resource: Appendix- Income Calculation Worksheet

A household's net worth must not exceed \$10,000 at the end of the month preceding the application.

206 Income Calculation

206.1 Earned Income

Earned Income is a major factor in determining eligibility. If the prospective participant does not have earned income, he or she will not be eligible for the IDA program. The income eligibility determination must be based on total projected earned household income, *as of the date of application*, to allow a prospective participant to be eligible to participate in the IDA Program.

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

Examples of earned income include:

- Taxable wages, salaries and tips
- Taxable income from self-employment
- Gross income received as statutory employee
- Federal Program Stipends such as AmeriCorps or Senior Aides

It is important to note that IDA Administrator *should* count net earnings from self-employment as a part of the income calculation.

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

206.2 Earned Income Determination

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

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

- If income is inconsistent (hours, pay or overtime varies from week-to-week) process using the previous year's signed Federal tax return or other documentation listed above (as necessary).
- OR**
- If income is consistent (hours and gross pay remain the same week-to-week), then process using employer pay stubs or equivalent or other documentation listed above (as necessary).

Step 2 – Input data on the IHCD Income Calculation Worksheet to determine the total annual income for EACH household member and the combined household net worth.

NOTE: *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 (ICW).*

- **Income Calculation Worksheet (See Appendix) Tab Summary:** The following is a summary of the uses of each tab on the ICW. Please note that any areas on the spreadsheet that have blanks are meant to be filled, otherwise, the cells will auto-calculate based on the fillable information.
 - “Eligibility Summary Tab”
Enter the participant name and date of completion. The remaining information will auto-calculate from all other tabs to determine where a participant is eligible to participate in the IDA program.
 - “Income Calculation Tab”
This tab will be used for individuals with consistent income. Generally, this is the majority of participants applying for the IDA program. The IDA Administrators should enter the gross amount for 2 paystubs on the Income Calculation Worksheet. Administrators will not have to enter any additional information for the

section as the spreadsheet auto-calculates eligibility based on program guidelines. **Do not use the “Income Tax Return” tab.**

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

- **“Income Tax Return Tab “**
This tab is only to be used for inconsistent income (seasonal, part-time, etc.) and the “Income Calculation” tab should not be filled in if using this tab. **Do not use the “Income Calculation” tab.**
- **“Net Worth Test Tab “**
IDA Administrators should use the “Net Worth Test” tab on the Income Calculation and Net Worth Test worksheet to document eligibility. Using information obtained from the credit report, enter in the applicable amounts for each section of the Net Worth Test; IDA Administrators do not need to enter any additional information as eligibility will be auto-calculated based on the entered information.

The net worth test takes the household’s total assets (what everyone in the household owns) and then subtracts the household’s total liabilities (what everyone in the household owes) to see if it has a value of more than \$10,000. The following are not included in the IDA Net Worth Test:

- The applicant’s primary residence (asset)
- Associating liabilities (mortgage balance)
- One motor vehicle (asset)
- Associated liabilities (outstanding loan)

NOTE: The asset portion of the motor vehicle is calculated from the Kelly Blue Book Trade-In Value

207 Identity and Residency Documentation

Reference: IC 4-4-28-7(c) establishing account; beneficiaries; residency

207.1 Residency

An IDA participant must be an Indiana resident and shall maintain residency in Indiana until the individual development account is closed.

207.2 Photo Identification

Each Applicant must submit a copy of his or her current driver's license, State issued ID, or other residency identification.

207.3 Social Security Number Validation

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

- A letter from the Social Security Administration
- A Social Security benefit letter is acceptable, as long as the full number is provided
- A benefit letter from another categorically eligible program, as long as the full number is provided
- Documentation from another categorically eligible program, as long as the full number for each household member is listed, such as, but not limited to:
 - Medicare Benefit Identification,
 - FSSA benefit letter,
 - U.S. Military Identification (i.e. DD214 or AF-retired military)
 - U.S. Government Identification
 - Indiana Government Identification (photo ID with SSN- i.e. Dept. of Corrections or an expired driver's license.)
 - Benefit Statement
 - W-2 or 1099 with original signature

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

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

Program Tip: *If you need the participants full SSN after their account has been set up, it will be available in Outcome Tracker.*

IHCDA Recommendation: *the agency should assist applicants to apply for social security numbers and the necessary documentation.*

208 Household Determination

Reference: IC 4-4-28-7(c) establishing account; beneficiaries; residency

Only one member per household may establish an IDA. Information regarding the definition of what constitutes a household may be retrieved from any IDA Administrator.

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. **The prospective participant must submit income documentation for him or her and all other members of the household.**

209 Participant Notification

The IDA Administrator must provide **written notification** of approval or denial to all IDA applicants to the IDA program within ten (10) business days of making the determination.

210 Age Requirement

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

211 Participant Readiness

Resource: Applicant Readiness Assessment tool

Not every eligible prospective participant is an ideal candidate for the IDA program. Certain barriers that may impede a prospective participant's ability to save should be taken into consideration when screening prospective participant's for acceptance. .

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

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

- Long-term goals?
- A clear asset purchase in mind?

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

212 Financial Skills

Located in the participant application is a Financial Skills Assessment Tool with some suggested questions to help assess the prospective participant's financial knowledge and skills.

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

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

These Assessment tools will assist the IDA Administrator with determining whether the family 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. **Ensure that prospective participants understand that they are eligible to come back when their household factors have changed to create a more conducive environment for participation**

213 Frequency of Determination

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

Re-Determination

Re-determination of income is only necessary if 12 months have lapsed between the date of prospective participant's initial application and the date of the prospective participant's acceptance into the IDA program. Otherwise, the initial income determination will determine

eligibility of an IDA participant until the savings goal is met or the individual is no longer an active IDA participant.

214 Project Period

Resource: Appendix- Account Close-Out Form

Each IDA participant will have up to a **three year project period** for the IDA program **to save, receive match and make an asset purchase**. By the end of the third year, the IDA participant will either have graduated or will automatically terminate from the IDA program. This project period may be mentioned as a “savings period” or “eligibility period” for IDA participants.

215 Program 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

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

NOTE: Putting a client on the Wait List is left to the discretion of the IDA Administrator and does not require prior approval from IHCD.

216 Beneficiary Designation

Reference: IC 4-4-28-7(b)

Resource: Saving Plan Agreement

Upon acceptance into the IDA Program, each IDA participant must designate an account beneficiary in the event of his or her death.

When the account beneficiary is a member of the IDA participant's family, as defined by Indiana Code, the administering agency will distribute the balance of the personal savings and matching funds, as appropriate. If the beneficiary is a family member, and qualifies for an IDA account, both IDA savings and matching funds will be rolled into a new IDA, within ninety (90) days' notice of death. All funds (savings and match) will remain and the IDA will transfer to the designated family member who is subject to the same rules and regulations of the IDA program as the deceased. Conversely, when the designee is not a member of the IDA participant's family, all matching funds are forfeited and returned to IHCD, while any personal savings will be transferred directly to the beneficiary.

SECTION 300: Training and Counseling Requirements

Resource: Appendix-Training Log

Each IDA participant must complete Financial Education and Asset Goal Specific Trainings as an IDA program requirement before the first withdrawal is completed.

All IDA participants training hours must be tracked to ensure they are meeting the minimum program requirements.

301 Financial Education Training

Resource: Title IV also known as the Assets for Independence Act (hours of training)

The purpose of financial education training is to help IDA participants further develop money management strategies and techniques. To do so, IDA participants are required to complete at least six (6) hours of core Financial Education training. Financial Education training must be completed by the IDA Participant within the IDA's participant's first year of participation in the IDA program. **Participants cannot make any withdrawals until this training is completed.**

IHCDA has not mandated a specific financial education curriculum that IDA Administrators must use. However, 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
- Net worth and income determinations and budgeting
- Consumer credit rights

NOTE: *Individuals under 18 years of age will require a separate financial literacy education which is more age appropriate.*

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

At this time, "Making Your Money Work" is not listed as a recommended financial education curriculum because the materials are outdated. IDA Administrators may continue to use the curriculum, but are strongly encouraged to find a more current financial education curriculum.

302 Online Financial Education

Resource: Appendix- IDA Resources

Online financial education is an alternative training option for IDA participants who are unable to complete the training options provided by the IDA Administrator. Like the financial education discussed in Section 301, the online financial education curriculum should meet the same curriculum requirements.

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

IHCDA Recommendation: *Online training is way to reduce program administrative cost and provide more flexibility to the IDA participant in meeting their training needs.*

303 Credit Counseling

IDA Administrators are required to facilitate credit counseling with IDA participants. The counseling provides the IDA participant with an opportunity to assess the current state of his/her credit score and identify strategies to improve the credit score during the project period. Credit counseling must include, but is not limited to:

- Credit history assessment
- Credit repair assistance
- Credit stability counseling

304 Asset-Goal Specific Training

In addition to basic financial education training, each IDA participant is required to complete asset-goal specific training, as appropriate for the IDA participant's asset purchase, prior to their first withdrawal. Asset-goal specific training should last somewhere between 6-8 hours for each category the participant is making a purchase from.

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 take 6-8 hours of 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 6-8 hours of training for a Motor vehicle Purchase. The participant must now complete 6-8 hours of training for Higher Education or Career Counseling.

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
- 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;

IDA Administrators may facilitate asset goal specific training through individualized or group meetings. Or, the IDA Administrator may refer clients to training partners or programs within the local community. All completed asset goal specific training should be documented in the IDA participant’s file. Completion of IDA participant’s asset goal specific training will be verified during compliance site visits by IHCD.

305 Financial Coaching/Counseling

In addition to completing financial education, IDA Administrators may provide IDA participants with additional financial coaching/counseling.

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

IDA Administrators may also use “Savings Clubs” as a group approach to supporting the financial education. Peer groups, or Savings Clubs, can:

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

IHCDA Recommendation: Additional financial coaching is strongly encouraged as a mechanism for maintaining IDA participant enthusiasm, but is not required.

306 Case Management

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

IDA Administrators may consider a few approaches when developing and implementing a case management program.

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

If the IDA Administrator does not plan to implement a full service case management program, then the IDA Administrator should consider implementing the following techniques to maintain active IDA participant engagement.

- **Plan regular contact with your IDA participants.** Regular contact between your program staff and IDA participants is a way to combat isolation and discouragement. Regular newsletters, timely monthly account statements, and occasional “check in” phone calls will help IDA participants feel supported and keep IDA goals in the forefront of their minds.
- **Be alert and accessible.** Many IDA participants are inherently reluctant to seek out assistance or support, even when they feel overwhelmed or discouraged. Program staff should emphasize to IDA participants that they are available to offer assistance and back up this promise with visible policies and practices, such as setting standard “office hours”.

Foster successful peer support groups. Fellow IDA participants can be one of the most effective sources of support and “preventive medicine” for IDA participants; IDA account holders can support one another especially well because of similar goals and obstacles.

SECTION 400: Savings Account Requirements

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

401 Savings Plan Agreement

Resource: Appendix- Saving Plan Agreement

The Savings Plan Agreement (“SPA”) reflects a commitment between the IDA Administrator and the IDA Participant. Each IDA participant must complete a Savings Plan Agreement that will outline the IDA participants and IDA Administrators’ roles and responsibilities.

The SPA outlines the following program requirements:

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

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

402 Account Structure

Each IDA participant will establish two interest bearing, savings accounts. One account holds the IDA participants’ “personal savings”, while the other holds the IDA participants’ “match saving.” IDA participant savings accounts are “custodial accounts” that are jointly owned by the IDA participant and the IDA Administrating Agency; the accounts should be in the name of the IDA participant. As a custodial account, the IDA participant will have no direct access to the personal savings or matching funds other than his or her deposits; all other transactions must be coordinated through the IDA administrator.

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

403 Banking Features

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

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

IDA participants will receive monthly bank statements that detail deposits into the personal savings and match accounts. These deposits must be updated in IHCDOnline at least quarterly for compliance with IHCD.

403.1 Financial Institution Release of Information

Reference: Appendix- Financial Institution Release of Information

Select financial institutions require that a customer sign off on any banking account information being provided to another individual or business beyond the primary account holder, even if they are part of a custodial account. Therefore, IHCD has developed a Financial Institution Release of Information form for the CDC IDA Administrator. Upon request by the financial institution, they can provide these executed documents for their files.

404 Match Process

The eligibility requirements to receive matching funds are:

- Submission of a completed IDA Application Packet and the required eligibility documentation
- Used earned income as the source of funds on deposit
- Started financial education training
- In compliance with his/her Savings Plan Agreement
- Deposited at least \$25

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

IDA Administrators must match funds at least quarterly

405 Regular Savings Deposits

Resource: Savings Plan Agreement

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

IDA participants may open their account with a one-time, lump-sum deposit, but they are still required to make regular deposits thereafter. If the IDA participant is unable to meet his/her regular savings obligation, he/she is expected to at least make a minimum savings deposit.

405.1 Saving Plan Example

Typical annual saving plan options:

1. Regular Weekly Deposits *(approximately \$9.62/weekly)*
2. Regular Bi-Weekly Deposits *(approximately \$19.23/bi-weekly)*

- 3. Regular Semi-Monthly Deposits (approximately \$20.83/per deposit)
- 4. Regular Monthly Deposits (approximately \$41.67/month)
- 5. Regular Quarterly Deposits (approximately \$125/ per three months)

IHCDA Recommendation: Participants should be encouraged to do make at least monthly savings deposits.

Overall savings plan to reach the IDA Program goal:

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

405.2 Lump Sum Deposits

Lump sum deposits are allowable and provide the participant with an opportunity to get ahead or catch up on a savings goal. However, lump sum deposits cannot and will not replace the IDA participant’s requirement to make regularly scheduled deposits into its IDA.

Keep in mind, according to Indiana Code, a participant can save up to \$800 in a program year and receive match funds. Any savings over \$800 will be matched in the following program year.

405.3 Missed Deposits

After three (3) missed deposits, a participant may forfeit his/her right to receive matching funds on his/her IDA and/or his/her right to continue enrollment in the IDA Program. This decision is at the discretion of the IDA Program Administrator. Documentation must be provided in the participant file regarding the rationale for all actions.

406 Deposit Options

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

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

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

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

For information on how to set up regular electronic deposits, contact your local partnering financial institution.

407 Savings Account Deposits

According to state regulations, IDA participants may not be taxed on any interest earned in their IDA, nor can money in their IDA account be considered an “asset” when determining eligibility for TANF benefits.

407.1. Enrollment

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

407.2. Minimum Deposits

While the IDA Program requires its IDA participants to save on a regular basis, we also understand that occasionally circumstances arise that may otherwise preclude an IDA participant from meeting his or her regular savings obligation. In those circumstances, when approved by the IDA Administrator, an IDA participant may instead choose to make a minimum deposit of not less than 50% of his or her regular savings obligation.

Formula: (savings obligation x .5)

407.3. Maximum Deposits

The IDA program is a 3 to 1 dollar match which means that participants will receive up to \$1,500 per year in matching funds or up to \$4,500 for all three years.

***IHCDA Recommendation:** IDA participants are encouraged to add beyond their required savings deposits each year.*

SECTION 500: Asset Purchase Process

501 Asset Purchases

Reference: IC 4-4-28-5, IC 4-4-28-16, and IC-9-13-2-105(a)

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

501.1 Eligible Purchases

1. Purchase a Primary Residence (located in Indiana)

Resource: IC 4-4-28-16

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

- Single site home
- Pre-fabricated house
- Condominium

The IDA participant must be listed on the Title and the mortgage, unless no mortgage exists.

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

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

Qualified expenses include costs associated with stocking inventory, working capital, or business equipment (AFI legislation). All business expenses must be included in an approved (qualified) 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 a business plan.

3. Education and Job Training

Resource: IC 4-4-28-5-2a

IDA funds may pay for costs associated with attending:

- Accredited institution of higher education
- Vocational school
- Licensing 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.

4. Owner Occupied Repair or Replacement to a Home (located in Indiana).

IDA funds can be used to reasonably accommodate owner occupied repairs to the participant's primary home and its systems which are located in Indiana. The intent of the repair is to fix or replace to a sound condition what is broken or damaged beyond "routine" maintenance. A documented health and safety issue of a resident in the home may also constitute the need for the repair or replacement.

Systems include the roofing & gutters, Mechanicals (furnace & air conditioning unit including ductwork), electrical (service panel & wiring), 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, and the water heater, etc.

These questions should be asked to assist in determining if the repair or replacement is acceptable.

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

5. Motor Vehicle Purchase

Resource: IC-9-13-2-105(a)

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

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

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

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

Program Management: *Accounts established for motor vehicles must represent less than 30 percent (30%) of all the accounts available to the agency for the grant year.*

501.2 Ineligible Expenses

Program funds that are not considered qualified asset expenses are:

- Lease payment
- Loan payment (student loan, auto loan, home or home equity/improvement loan, construction loan, small business loan, etc.)
- Mortgage payment

501.3 Asset Purchase Quick Reference

IDA Withdrawals	Home Purchase (primary residence)	Education & Job Training	Small Business	Owner Occupied Repair	Motor vehicle Purchase
Examples of Qualified Expenses	<ul style="list-style-type: none"> • Settlement fees • Financing /closing costs • Title insurance • Attorney fees • Inspection fees • Acquisition costs • Appraisal fees • Mortgage insurance (as part of closing costs) • Other customary "pre-paid" expenses 	<ul style="list-style-type: none"> • Tuition • Lab fees • Books • 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 	<ul style="list-style-type: none"> • Start-up inventory • Licensing fees • Supplies • Equipment • Working capital • Marketing mtls. • Other expenses as included in an approved business plan 	<ul style="list-style-type: none"> • Energy-efficient windows • Roofing • Water heater replacement • Insulation installation • heating and cooling • Other essential improvements 	<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
Examples of Unqualified Expenses	<ul style="list-style-type: none"> • Homes purchased on Land Contract • Mobile home purchase • Rent-to Own • Lease-to-Purchase properties • General land acquisition 	<ul style="list-style-type: none"> • Pre-existing school debt • Rent • extra-curricular activities • Travel • Reimbursement for any qualified or non-qualified expenses 	<ul style="list-style-type: none"> • Motor vehicle • Payroll • General funds • Working capital • Other expenses not included as part of an approved business plan 	<ul style="list-style-type: none"> • Purchase of pool • Cosmetic rehabilitation • Other non-essential improvements 	<ul style="list-style-type: none"> • Insurance • Gasoline • Motor vehicle modifications • Repairs
Payable To	The settlement IDA Administrator or title company.	Vendor	Vendor	Vendor	Vendor
Required Documentation for Withdrawal	<ul style="list-style-type: none"> • Signed Settlement sheet • Good Faith Estimate • Home appraisal • Proof of completion of homeownership counseling • Evidence of any additional down payment assistance 	<ul style="list-style-type: none"> • Documentation of enrollment • Acceptance letter • Bursars' bill • Invoices • Evidence of submission of Education/Career Plan 	<ul style="list-style-type: none"> • Approved business plan • Copies of any relevant invoices or estimates 	<ul style="list-style-type: none"> • Estimates • Invoices • Pre and post photos (when available) • Rehabilitation plan • 	<ul style="list-style-type: none"> • Purchase agreement • Invoice • CarFax report • Driver's license • Auto Insurance • Title • Bill of Sale • Motor vehicle registration

502 Qualified Asset Purchase Procedure

Resource: Appendix- Withdrawal Document Checklist and Asset Purchase Withdrawal Form

IDA participants are permitted to make asset purchases once they have completed the mandatory financial education and asset-goal specific training and are in compliance with their Savings Plan Agreement.

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

1. Notify the IDA Administrator of the IDA participant's intent to purchase. IDA participants should request qualified withdrawals at least two weeks before the anticipated purchase date. It is a best practice to request a withdrawal for a purchase 30 – 60 days in advance.
2. Acquire necessary documentation for the asset purchase.
3. Set up appointment to meet with the IDA Administrator and complete the corresponding IDA Asset Purchase Withdrawal form. IDA participants should be certain to bring copies of any bills or invoices, as funds disbursed for a qualified asset purchase must be in the form of a check written to a third-party vendor. Once the Withdrawal Form is signed, no whiteouts, revisions or adjustments should be made to the executed document.
4. Make arrangements with the IDA Administrator for a check disbursement. In most cases, the check will be mailed directly to the vendor unless other arrangements have been previously made.
5. Return copies of receipts resulting from the asset purchase – additional requests for withdrawals may be hindered until the IDA Administrator is supplied with receipts from previous IDA asset purchases.

NOTE: *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.*

NOTE: *No payments will be dispersed directly to the IDA participant. All payments must be dispersed to the appropriate eligible vendor.*

502.1 Owner Occupied Repair (Contracted Work)

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 best straight forward method and easiest to track. Material purchases can also be paid straight to the supplier to minimize contractor expenses.

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

503 Emergency Withdrawal

Reference: Title IV-Assets for Independence Act, Section 404(3)(A-C)

Resource: Appendix- Emergency Withdrawal Request Form

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

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

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

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

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

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

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

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

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

1. Complete and submit a Withdrawal Form to the IDA Administrator
2. Schedule a meeting with the IDA Administrator to discuss the situation and review possible alternative solutions—most problems can be solved without having to withdraw funds out of an IDA participant's personal savings
3. If approved, develop a revised savings plan that will allow withdrawn amounts to be re-deposited into the IDA participants account within 90 days from the withdrawal. When savings that were matched do not return to the IDA participant's IDA, any corresponding matching funds must be returned to IHCD
4. Coordinate with the IDA Administrator to arrange for the withdrawal of funds from the IDA participant's IDA. *Reminder: any withdrawal from a custodial (joint) account requires a dual signature from the IDA participant and the IDA Administrator*

The IDA participant may be terminated if the participant fails to repay the emergency withdrawal within 12 months of the withdrawal date. The IDA participant will become a Non-Graduate if the funds are not repaid in the appropriate timeframe.

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

IHCDA Recommendation: IDA participants should be encouraged to set up an additional personal savings account as well as a savings plan to fund that account. IDA participants should be encouraged to make withdrawals from this account to cover emergency expenses as they arise. This measure will assist participants in planning for unanticipated expenses rather than making emergency withdrawals from an IDA.

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

504 Account Garnishment

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

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

Section 600: Participant Account Management

601 Account Closeout

Resource: IDA Account Closeout Form
Reference Sections 903-907

There are two types of account closings: "Graduate" or "Non-Graduate." The goal of the IDA program is to have every IDA participant graduate within the program time period. Despite best efforts, not all IDA participants are ready for long-term savings and asset ownership. These IDA participants are considered Non-Graduates and must be terminated from program participation after five years. 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 Graduate while any funds remaining in the match account are returned to the state.

A **Graduate** has successfully completed the savings plan, received all match funds, made all asset purchases, and completed the IDA program within the program time period. The Graduate

will have no funds remaining in the personal savings or match accounts. The Graduate will continue to be ineligible for an IDA in the future.

A **Non-Graduate** has been terminated from program participation for one of the following reasons:

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

The account status will be changed to Closed. The Non-Graduate will be ineligible for future IDA accounts.

602 Participant Termination

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

- Falsifying personal, income or application information.
- Non-compliance with the IDA Savings Plan Agreement, including failure to comply with IDA savings requirements.
- Failure to return funds used for an Emergency Withdrawal within the 12 month period preceding the date of the Emergency Withdrawal.
- Failure to complete Financial Literacy Education or Asset-Goal Specific Training.
- Unauthorized savings withdrawal(s).
- Failure to “graduate” from IDA program and draw down funds within 12 months preceding last match opportunity.

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

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

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

603 Adding Case Notes

When closing the IDAs (both active and expired), IDA administrators must enter case notes in Outcome Tracker and in their physical files regarding major activities that take place with the financial transactions. The case notes should document:

- If the IDA participant changes his or her asset goal
- If the IDA participant closes its IDA and chooses not to participate in the IDA program any longer
- If the IDA participant files an appeal regarding the process and action steps completed by the IDA administrator.
- If and why the IDA participant has been terminated by IHCD or the IDA Administrator.

604 Reassigning a Participant Between Grants

Resource: Appendix- IDA Grant Reassignment Affidavit and Appendix - Asset Purchase Withdrawal Form

Grantee organizations have the option to reassign participants from an older AFI or State grant to a newer AFI or State grant or from a newer AFI or State grant to an older AFI or State grant, . An IDA Administrator may request that an IDA participant be reassigned to a different grant:

- An IDA participant must have had a life changing event which alters their life or circumstances in a substantial way that requires them to need additional time to meet the saving goals such as a temporary disruption in employment, marriage, divorce, death of a spouse or a medical emergency.
- The agency will be allowed to reassign one participant per grant during the term of the grant; exceptions may be made at the discretion of IHCD.

604.1 Reassignment Notification

If an IDA Administrator determines that an IDA participant will need to be reassigned to a new grant, then the IDA Administrator must notify IHCD of the reassignment.

1. Program Administrator approves the participants reassignment request after reviewing the situation:
 - Good standing with the program guidelines
 - Completed financial education and asset goal specific training
 - Demonstrated a consistent savings record described in the savings plan agreement
 - Not made any emergency withdrawals
 - Been enrolled in the IDA program for at least six months
 - Informed the participant of the possible ramifications of reassignment
2. Program Administrator will notify IHCD (*by email*) IHCD about the reassignment. That notification must include: the content must:
 - Identify the original program year and the newly assigned year
 - Demonstrate that the participant meets all eligibility requirements
 - Acknowledge that the agency is giving up a new slot for a pre-existing participant
3. The Program Administrator and participant must complete and sign the AFI Grant Reassignment Affidavit (*place original in participant file*)

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

604.2 Reassigning the Participant

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

- Locate the Match Source Group and the drop down list of available IDA grants specific to your agency

IHCDA may need to send the agency contract amendment(s) for the affected grant years if it increases or decrease the participant numbers and the overall award amount.

604.3 Reassigning Match Funds

New match funds will be set aside in the new grant.

1. Complete the Asset Purchase Withdrawal Form (keep a copy for the participant file)
 - Check the Re-Assignment ROF box
 - Complete the Description of Withdrawal by providing details of the reason for the reassignment
 - Checks payable to (Third Party Vendor): **IHCDA**
 - Provide the financial institution with the fully executed form with “wet” signatures
2. The financial institution must send a check and a copy of the completed Asset Purchase Withdrawal Form to:
IHCDA
ATTN: IDA Program
30 South Meridian St., Suite 900
Indianapolis, IN. 46204
3. The IDA Program Manager will notify the agency Program Administrator when the check has been received from the financial institution
4. Upon notification, the IDA Program Administrator will submit a new match claim in IHCDAOnline for the participant using the new account information and the appropriate match saving amounts based upon the new ratios
5. The reassignment process must also be documented in IHCDAOnline via the case notes:
 - Date of Reassignment request by the agency to IHCDA
 - Date of IHCDA approval
 - Amount of the personal savings balance to be transferred from the original grant
 - Amount of the match funds to be reallocated from the original grant
 - The new project period
6. After approval, the program administrator must change the participant information in Outcome Tracker to correspond with the new grant year:
 - Update the participant’s grant association
 - Edit any previous participant transactions dates that occurred prior to the new grant period. All dates must fall within the new grant period or the system will provide an error message that the transaction could not be completed if you try to add new match funds.

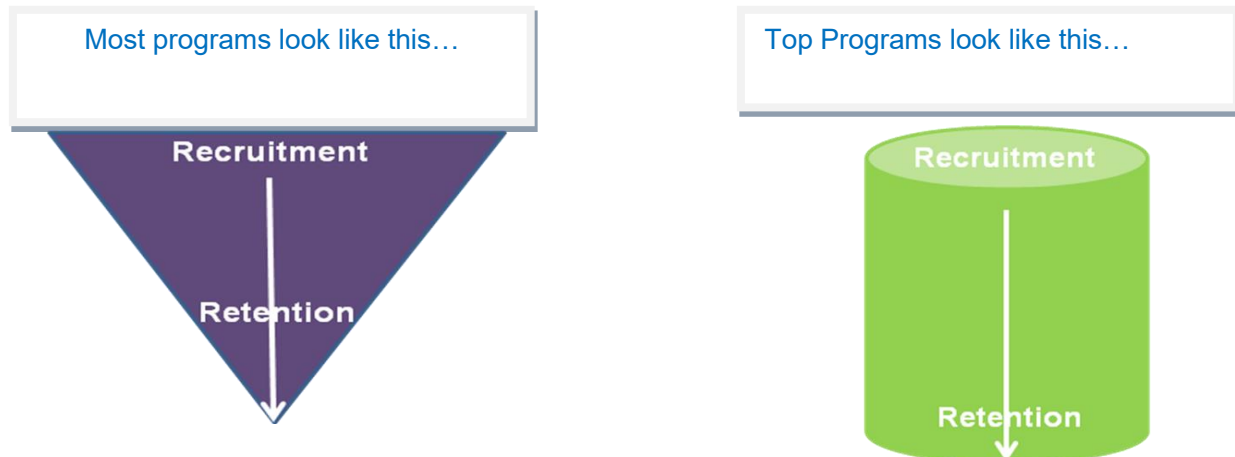
604.4 Filling a Non-Graduate Slot

IDA Administrator may choose to fill an IDA participant slot when that IDA participant has terminated his or her participation. To fill the slot, the original IDA participant must not have used all of the allocated match funds for the project period. The terminated IDA participant is considered a Non-Graduate.

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

605 Participant Retention

Long-term saving on a low income is tremendously challenging, so IDA programs must work very hard to retain program participants through to the point that they are ready to become asset owners. Non-graduates leave programs two ways: they may choose to stop participating ("dropouts") or they may be asked to leave your program ("terminated").



Factors that improve attrition/retention rate?

- Programmatic strategies which can be implemented to enhance success, mitigate or eliminate obstacles.
- Develop methods/resources that can be used to help solve emergencies

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. Keep the participants you worked so hard to find and recruit!

- **Plan regular contact with your IDA participants.** Regular contact between your program and participants is a way to combat isolation and discouragement. Regular newsletters and occasional "check in" phone calls will help participants feel supported

and keep IDA goals in the forefront of their minds. Utilizing calling or texting services can be extremely beneficial.

- **Make staff and resources accessible.** Many participants are inherently reluctant to seek out assistance or support, even when they feel overwhelmed or discouraged. Program staff should emphasize to participants that they are available to offer assistance and back up this promise with visible policies and practices, such as setting standard “office hours” or designated call in times.
- **Be aware of participants’ expectations.** While many participants who drop out of the program will do so because they feel discouraged or overwhelmed, some participants may leave because the experience is not what they expected. There is little that programs can do to prevent these losses other than to explain clearly from the outset what IDA participant involves and to attempt to monitor participants’ levels of satisfaction. Basic steps, like requesting participant evaluations of trainings (Financial Education or Asset Goal-Specific) or making occasional “check in” phone calls, can also help.
- **Foster successful peer support groups.** Fellow IDA participants can be one of the most effective sources of support and “preventive medicine” for participants; IDA holders can support one another especially well because all participants appreciate the difficulties of living and saving on a low-income.

606 Fast Track (FT)

Resource: IC 4-4-28-9

All IDA participants have the option to Fast Track. The fast track savings plan allows the IDA participant to complete the total savings goals, be matched, and make asset purchases in less than three (3) years, but the most common time period in less than two (2) years

According to Indiana Code, a participant can save up to \$800 in a program year and receive match funds. Any savings over \$800 will be matched in the following program year.

Any IDA participant who chooses to Fast Track, if available, will be eligible for the full three year savings period to make the asset purchases. For IDA participants who save within two years, the IDA participant will have up to three years to make the final purchase. However, graduation within one year is not required since some asset purchases may take the three year period to complete.

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

IHCDA Recommendation: IDA Administrators are encouraged to assist IDA participants with graduating within one year of the final savings deposit.

606.1 IHCDA Fast Track Grants

IHCDA may create specific Fast Track grants with unused funds from previous grants before the expiration date. Typically this grant will have an overall program terms of 18 months or less for the participant to complete their savings plan **and** make an asset purchase.

These special grants also remove some IDA program requirements:

- Readiness Assessment
- Pre credit report and score information
- Post credit score

Section 700: Database Management

701 Outcome Tracker

Outcome Tracker by VistaShare is the cloud-based client management software used to assist IDA Administrators with case management. Outcome Tracker is flexible, allowing data to be collected from intake, to providing services, and eventually closeout.

It is critical that all data be both complete and current because the systems reporting features allows the program administrator to measure client demographics and analyze data including participant and program outcomes

The U.S. system can be found at www.vistashare.com. However, the system may have trouble operating through the Google Chrome browser.

Each new IDA agency program administrator will need to request an account be created by IHCDA so you will have access to the system.

IHCDA recommendation: Under the support tab is resources such as user guides and tutorials to assist in navigating Outcome Tracker

702 IHCDAOnline

Reference: IDA IHCDA Online Manual

Resource: Partners Guide to IHCDAOnline

IHCDA requires IDA Administrators to utilize a comprehensive IDA database system. This system is referred to as IHCDAOnline. The system is used to create and submit claims, and generate program reports. New IDA agency program administrators must be granted access to the system by IHCDA Financial Operations staff.

Any issues or questions related to IHCDAOnline should be sent to claims@ihcda.in.gov. IDA program staff will not be able to assist.

SECTION 800: Financial Institutions

Reference: IC-4-4-28-3

Resource: Memorandum of Agreement and IDA Financial Institution Guide

Financial partners are the base of the IDA program. Banks and credit unions oversee all aspects of the established accounts and have interactions with program participants and agency staff. Indiana has over 30 financial institutions across the state that participate in the IDA program.

Each financial institution is required to submit a signed IDA Program Memorandum of Agreement (MOA). The MOA outlines the financial institution's obligations as a servicer for IDA participant savings and match funds.

801 Memorandum of Agreement (MOA) *–formerly Memorandum of Understanding (MOU)*

The relationship between the State of Indiana (IHCDA) and the financial institution is governed by a written agreement. To become a participating IDA Financial Institution, each institution must complete a Memorandum of Agreement (MOA) with IHCDA. These MOAs are signed for a 5 year term to cover the totality of the IDA grant period entered into with each CDC.

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

IHCDA facilitates the MOA process by sending previous financial institutions a new MOA prior to the start of the new IDA grant. This creates a direct relationship between IHCDA and the financial institution.

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

802 General Requirements

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

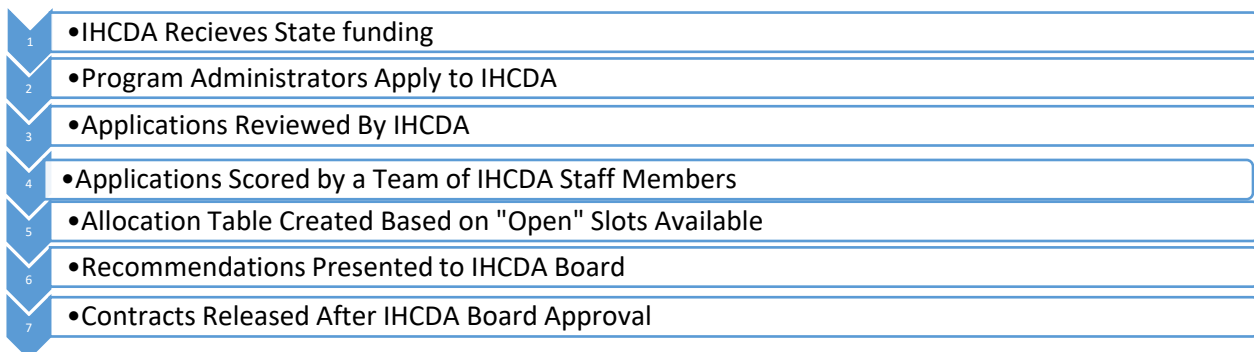
- Sign a Memorandum of Understanding (MOA) with IHCDA, which oversees the statewide IDA program
- Acknowledge that IHCDA contracts with CDCs to administer the IDA program
- Establish two (2) joint, custodial parallel accounts per IDA participant
 - Participant Individual/Personal Savings Account where participant savings will be deposited
 - Account for match to be deposited with the CDC listed as the custodian and the participant listed as the beneficiary
- Permit deposits to be made to an IDA account by either the IDA participant or the CDC, on behalf of the IDA participant
- Deposit state and/or federal match dollars in the amount indicated and delivered by IHCDA through ACH transfer into the respective parallel IDA match accounts
- Ensure that both of the IDA accounts have restricted access protocols:

- Participant can deposit only
- Account withdrawals are allowed only by authorized staff of the administering CDC and IHCDCA
- Any account withdrawals have been authorized by the administering CDC through the use of a signed IDA Asset Purchase Withdrawal form (Appendix 601)
- No ATM bank cards, online banking and/or telephone banking features are allowed for the participant
- Ensure financial services related to the establishment and maintenance of the IDA accounts are at no cost to the IDA participant as the account holder
- Guarantee all IDA accounts earn at least the market rate of interest
- Ensure funds dispersed for emergency withdrawal will be drawn from the IDA participants personal savings account and never the parallel match account
- Ensure that checks are made payable to a third-party vendor
 - IDA participants may not be remitters of any check except for approved emergency withdrawals by IDA Administrator
- Ensure IDA participants have access to a monthly banking statement
- Provide the IDA sponsoring agency with monthly statements of all deposits and withdrawals from each designated IDA account
- Establish an IDA contact person for your financial institution
- Partner with the CDC to assist in educating staff on the IDA program
- Adopt procedures to ensure that all information from or about the IDA participant will be handled and maintained in a confidential manner
- Provide the IDA Administrator and/or IHCDCA the status of IDA accounts upon request
- Maintain accounts in accordance with applicable state and federal regulations
- Work in conjunction with the IDA Program Administrator to closeout accounts

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

IHCDCA Recommendation: IDA Administrators should distribute copies of the MOU to the financial institutions. *The MOU cannot be altered in any way before it is signed by the financial institution*

Section 900: Program Administration Responsibilities



901 IDA Allocation of Funds

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

902 Grant Agreements

Resource: Individual Development Account Program Participation Agreement

IDA Administrators will receive an IDA Program Participation Agreement from IHCDAs to manage the IDA accounts.

The effective date or start date, is the first day that participants can be officially enrolled in the program and be entered into the program administrative database. The expiration date, is the last day of the agreement. All program funds (administrative and match) must be fully processed and expended by that time.

903 Grant Closeout

- A. The CDC must submit, no later than forty-five (45) days after the grant agreement expiration date, all financial, performance information and other information as required by the terms and conditions this Agreement and the IDA Program Manual.
- B. The closeout of the IDA award does not affect any of the following:
 - 1. The right of IHCDAs to disallow costs and recover funds on the basis of a later audit or other review.
 - 2. The obligation of the CDC to return any funds due as a result of later refunds, corrections, or other transactions including final indirect cost rate adjustments.
 - 3. Audit requirements in subpart F of 45 CFR 75.
 - 4. Property management and disposition requirements in 45 CFR 75.317 through 75.323.
 - 5. Records retention as required in 45 CFR 75.361 through 75.365.

904 Submitting Match Claims

IDA Administrators are required to post deposits and submit match claims in IHCDAsonline **at least** quarterly. Deposits and match claims should be posted according to the following schedule.

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

IHCDA will process claims for matching funds as they are received from IDA Administrators. IDA Administrators are permitted to submit match claims from all IDA participants who have deposited at least \$25 and met all of the match requirements.

***IHCDA Recommendation:** IDA Administrators are strongly encouraged to submit claims monthly.*

905 Administrative Budgets

906 Processing Withdrawals

All claims go through the same process within IHCDAonline.

907 Return of Funds

In the event that the agency confirms needs to return clients savings fund and/or IHCDA match funds follow the following process:

Steps to Return Funds to the Participant

Step 1: The agency needs to fully execute the “IDA Account Close-out Form” that the client must sign

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

Step 3: Update participant financial information in Outcome Tracker

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

Steps to Return the Funds to IHCDA

Step 1: The agency sends the ‘IDA Account Close-out Form” to the financial institution.

Step 2: Enter the claim in IHCDAonline for the matched savings account within 5 business days of submitting the close-out form to the financial institution. Make a copy of the ihcdaonline Claims receipt.

Step 3: Update IHCDA match funds in Outcome Tracker

Step 4: Email a copy of the following documents to IDA@ihcda.in.gov:

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

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

Note: IHCDCA will send a confirmation email stating they received the check and its amount.

908 Maintaining Participant Files

Resource: Appendix- Participant File

908.1 Participant File Purpose

Good program management is not limited to case management; it also extends to an organization's record keeping practices. IDA Administrators are responsible for keeping comprehensive and up-to-date IDA participant files.

1. Purpose of Client Files

- Represent the implementation and outcomes of IDA policies
- Tell the entire story of the participants progress and should be clear to anyone reviewing the file

2. Elements of a Good Client File

- **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

908.2 Participant File Structure

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

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

Pocket 1- Applicant Assessment Documents

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

Pocket 2- Financial Summary

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

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

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

Pocket 4- Savings History (Deposits/ Match Funds)

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

Pocket 5- Withdrawals

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

Pocket 6- Communication

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

Pocket 7 – Closeout

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

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

909 Required Reporting

In addition to maintaining Outcome Tracker, IHCDA will request a semi-annual Account Status Report. Program Administrators must return completed reports within 30 days. Administrators will receive the reporting document via email.

910 Confidentiality and Security

Reference: 45 CFR 75.361 (records retention), IC 4-1-10 &11 and IHCDA IDA Participation Agreement

Resource: Appendix- Release of Information

It is important that the CDC 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 Administrators. Due to reporting requirements, certain information may be shared with Family and Social Services Administration (FSSA) or the U.S. Department of Health and Human Services (HHS). However, at no time will any information unnecessarily be shared with anyone not affiliated with Indiana's IDA Program.

910.1 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 LSP releases information.

910.2 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

910.3 IDA Participant Release of Information

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

IDA Participant Release of Information (Third Party)

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

910.4 Program Forms

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

910.5 Records Retention

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

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

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

911 Non-Discrimination

Reference: IC-22-9-1-10 and IHCDCA IDA Participation Agreement

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

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

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

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

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

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

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

Meaningful Access to Limited English Proficient Persons

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

912 Notice for Program Termination

Reference: IDA Program Participation Agreement (Agency Contract)

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

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

Section 1000: Program Compliance and Monitoring

The State has the responsibility to ensure that all agencies are correctly carrying out the administration of the program. Starting with the 2017 program year, IHCDA implemented an IDA Program Compliance system for monitoring IDA Administrators. The compliance system will

ensure that the IDA Administrators have effective internal controls over program operations and financial transactions. The new compliance system will include the development and implementation of agency level internal controls and a statewide monitoring program.

1001 Internal Controls

Reference: IHCD A IDA Participant Agreement

As of November 1, 2014, all agencies are required to have internal controls for the IDA program. The internal controls ensures program performance and integrity which are designed to follow the IDA program administration policies and procedures as well as protect the funds from fraud, waste, and abuse. Internal Controls will be reviewed during the monitoring process.

Agency internal controls policies must include:

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

1001.1 Quality Assurance (QA) Review

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

Though not currently required, IDA Administrators* are strongly encouraged to develop a quality assurance review as part of your agencies program integrity plan that will verify that the IDA participant is or has met all program requirements according to the policies set forth in this manual and that the IDA participant file is proper order with all required documents and any “wet” signature originals. A QA should be conducted on both approved and denied applicants.

In addition, the review should also focus on how the agency administers the IDA program such as internal controls, meeting performance benchmarks, reporting requirements, providing account match funds, submitting claims and reviewing claims for eligible expenditures.

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

IHCD A 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.*

1001.2 Processing Applications of Relatives and Staff

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

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

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

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

Each IDA Administrator should ensure that its Quality Assurance Review includes the following steps:

- Checking that all required documentation is in the file
- Ensuring that all files include a signature or initial of the manager or board member designated to approve the application

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

1001.4 Conflict of Interest

Reference: IHCDA IDA Participation Agreement

- A. Conflicts Prohibited. No persons described in paragraph (B) of this section who exercises or has exercised any functions or responsibilities with respect to administering the IDA program for the IDA Administrator or who is in a position to participate in a decision-making process or gain inside information with regard to the IDA Program may obtain a financial interest or financial benefit from this program or have a financial interest in any contract, subcontract, or agreement with respect to the IDA Program, or the proceeds from activities related to the IDA Program, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one (1) year thereafter. Immediate family ties include (whether by blood, marriage or adoption) the spouse, parent (including a stepparent), child (including a stepchild), brother, sister (including a stepbrother or stepsister), grandparent, grandchild, and in-laws of a covered person.
- B. Persons covered. The conflict of interest provisions of paragraph (A) of this section apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the IDA Administrator or relative of any of the above.

- C. The IDA Administrator has an affirmative obligation under this Agreement to disclose to IHCDCA if there is a conflict interest and IHCDCA may grant an exception to the provisions of paragraph (A) of this section on a case-by-case basis when it determines that the exception will serve to further the purposes of the IDA Program.
- D. The IDA Administrator shall maintain written standards of conduct governing the performance of its employees engaged in the award and administration of contracts.

1002 Fraud, Waste and Abuse

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

The agency should follow this process:

- Review the participants application and supporting documentation again or review the asset purchase information
- If necessary, conduct a fraud investigation
- Notify IHCDCA of a fraud investigation and results when completed

1002.1 Investigating Fraud, Waste and/or Abuse

The purpose of investigating fraud, waste and abuse are:

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

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

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

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

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

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

A participant providing incorrect information by mistake is NOT committing fraud. Also, a participant does not commit fraud if he or she is unaware of their responsibility to provide certain information. The participant may provide false information for reasons other than to receive excess benefits, in which case he or she is NOT committing fraud. For instance, the participant

may have an embarrassing situation that causes them to fail to report the actual circumstances of their situation. Or, there may be other reasons that need to be taken into consideration for concealing the truth or failing to report changes.

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

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

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

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

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

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

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

1. **WHO.** The case should include the names, addresses and phone numbers of the applicant and other contacts made regarding the investigation.
2. **WHAT.** The case notes should reflect all the eligibility factors being investigated, such as: income, household composition, resources, living arrangements, etc. Make sure the applicant is eligible in all areas of eligibility, not just the area that prompted the investigation.

3. **WHEN.** Write down the date and time of all contacts made during the investigation. This will be needed should the case be appealed or if law enforcement gets involved.
4. **WHERE.** Write down the correct address, location and time of any interview, home visit or other fact gathering activity.
5. **WHY.** Write down the reason(s) for the investigation in the first place and reasons for any actions on the case.
6. **HOW.** Document the way in which the information was received.

Potential Sources (To assist with your investigation):

- **Employment Records:** Does the name match on the income documentation? Does the social security number match on the award letter or tax return? Does the participant work for the State of Indiana?
- **Utility and Phone Bill:** Contact the utility and phone service providers to determine who is billed and pays for the service.
- **Landlord or Mortgage Company:** Contact the landlord and ask if he knows who lives in the rental property. Obtain a copy of the rental agreement or mortgage papers to determine who is a party to the contract. Determine who pays the mortgage.
- **Courthouse and/or Records Office Records:** Both of these areas are valuable sources of information. You will be able to determine recent loan, judgment, mortgage and real estate transfer activity of the participant or property owner. You can also search divorce, custody and marriage records.
- **Sheriff or Police Department:** Local law enforcement agencies keep records of all calls and investigations. If law enforcement made a trip to the participant's address, they may have listed the names of all persons living there.

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

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

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

1003 Monitoring Objective

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

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

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

1004 Monitoring

Reference: IHEDA IDA Participation Agreement

As a part of Indiana's program integrity plan, IHEDA or a sub-contractor of IHEDA will conduct a monitoring review to verify the proper application of the IDA program operations. Monitoring activity is determined by the agencies annual risk assessment and can be annually or up to every three years. When a monitoring is scheduled, the review may assess and document the following:

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

Additionally, the State is federally required to complete a risk assessment on each sub-grantee. The risk assessment includes risk categories that generally cover use of funds, claims and transmittal compliance, and findings/concerns/errors from monitoring. The risk assessment outcome may result in additional agency action items to be completed.

1005 Monitoring Report

Each agency should receive a copy of the monitoring report within thirty (30) 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 rate) Fiscal Review (unallowable program expenses), and Comments/Recommendations for future program enhancement.

1006 Compliance

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

1006.1 Modified Quality Improvement Plan (MQIP)

After monitoring has been conducting, an error rate will be calculated based on the criteria evaluated. More specifically an Agency Average Error Rate will be calculated based on the error rate per file/number of files reviewed. If an error rate is between fifteen to nineteen percent (15%-19%), then the agency could be placed on a modified quality improvement plan (MQIP). A MQIP is a training and a technical assistance plan that should address all findings and concerns outlined in the monitoring report. The plan should also list the corrective actions that will be taken and provide a timeline (no greater than 8 months) for when each corrective action will be completed, in addition to any payments to IHCDA and/or the participant.

A MQIP requires an agency to undergo up to two (2) additional progress reviews where the agency will inform IHCDA of progress achieved on the training and technical assistance plan. This can be completed by conference call or on-site meetings. The agency must submit supporting documentation on actions achieved (i.e. training logs, internal quality control file reviews, repayment of funds, etc.) and demonstrate the plan has been successfully completed.

The agency is notified in writing no more than seven (7) calendar days prior to an on-site monitoring visit or a desktop review. IHCDA will issues a report within 15 days after the review.

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

1006.2 Quality Improvement Plan (QIP)

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

If an error rate is twenty percent (20%) or higher or if the agency is unable to successfully complete a MQIP, the agency is may be placed on a quality improvement plan (QIP). A QIP is a training and technical assistance plan that should address all findings and concerns outlined in the monitoring report. The plan should also list the corrective actions that will be taken and provide

a timeline for when each corrective action will be completed, training that will be implemented to correct the identified deficiencies in addition to any payments to IHCDCA and/or the participant.

As a result of a QIP, the agency can expect a closer review of participant files, fiscal reporting, staff training, and overall service delivery. A QIP requires an agency to undergo up to three (3) additional monitoring reviews, usually during the next program year. These additional reviews will consist of 10%-20% randomly selected participant files. Success on each review will be defined as an error rate less than the established MQIP threshold. The agency must submit supporting documentation on actions achieved (i.e. training logs, internal quality control file reviews, repayment of funds, etc.) and demonstrate the plan has been successfully completed.

IHCDA will notify the agency in writing no more than seven (7) days prior to an on-site monitoring visit or desktop review.

After the last monitoring review, IHCDA will assess the agency's review progress. If corrective actions have been made to remedy the findings and concerns, the agency will be cleared from the QIP, and the monitoring period will be closed. If IHCDA finds that the agency is unable to successfully administer IDA program requirements, then a funding determination will be assessed.

1006.3 Failure to Meet Compliance Expectations

Reference: IHCDCA IDA Participation Agreement

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

1006.4 Monitoring Completion

Completion occurs when consensus and compliance have been reached between the agency and IHCDCA. There is no established time frame for completion because it will be determined when the agency meets all compliance objectives. It is the responsibility of the agency to provide the required documentation that all criteria have been met.

The monitoring session is not complete until a Monitoring Completion letter has been issued acknowledging all corrective actions have been satisfied.

Section 1100: Additional IDA Program Policies

Reference: IHCDCA IDA Participant Agreement

1101 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. This process can include assistance from the Indiana Housing and Community Development Authority. If the informal process does not resolve the matter, there is a subsequent process whereby the complainant may ultimately have a formal review of the matter.

1101.1 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.
 - The agency will add their appeal contact information to the Applicant Notification Letter
 - If the IDA applicant is not satisfied with the determination by the IDA Program Administrator, he/she may submit a written appeal within ten (10) working days to the IDA Administrator for a review of the determination. The agency Executive Director, or designee, shall then make the determination of the applicant's eligibility within ten (10) working days of the request. The agency will add the IHCDAs appeals contact information to their written response letter
2. If the applicant is still not satisfied with the 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 to:

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

If an applicant needs assistance with this procedure, they may call the IHCDAs at IDA@ihcda.in.gov.

3. Upon a request for IHCDAs, the IDA Administrator will forward the household's application, the written notification of the household's denial, and other pertinent documentation to the IHCDAs IDA Community Programs Manager.
4. IHCDAs IDA Community Programs Manager will review the materials submitted and issue a written finding to the applicant and the IDA Administrator based on the documentation submitted, within 30 calendar days.

1101.2 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 Compliance Attorney for final determination. The applicant must submit a written appeal within thirty (30) days of being notified by the IDA Community Programs Manager that the agency decision was upheld.
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.

Requests for a formal appeal should be sent to the attention of:

Compliance Attorney
Indiana Housing and Community Development Authority
30 South Meridian Street, Suite 900
Indianapolis, Indiana 46204

3. The Compliance Attorney shall review all of the information provided by the IDA Community Programs Manager and the Agency IDA Administrator.

The IHCDCA Compliance Attorney will have forty-five (45) days from IHCDCA's receipt of the written request to review the file and make a determination. The decision of the IHCDCA Compliance Attorney is final.

1101.3 Acknowledging IDA Funders

Acknowledging IHCDCA Funding in Your Publications

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

Publications that should include an acknowledgement of IHCDCA 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.