Individual Development Account

Program Manual

(Updated June, 2026)

ihcda

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

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SECTION 100: IDA Program

101 History

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

102 Program Summary

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

Each Award round lasts four years. The program follows the Indiana state fiscal year, which runs from July 1st through June 30th. The round should be broken down as follows: three years for a participant to save, and one year for the IDA Administrator to work on some combination enrollment, asset purchase, account close-out, and reporting.

The match rate is 3:1. Participants can save up to $1,500 over the course of the program round and receive up to $4,500 in state match funds (participants may save more than $1,500, but the match will not exceed $4,500).

Two separate bank accounts are used to hold participant funds: a personal savings account for the funds that the participant deposits and a match account for the state match funds. All participants must make their asset purchases and close their accounts by June 30th of the fourth year of the award.

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

Eligible participants are those that meet the following requirements:

- <u>Household</u> income must be at 200% or below the Federal Poverty Level, using the most recent federal guidelines
- Must have <u>earned</u> income at least equal to the amount of his/her annual savings obligation
- Must be a resident of the state of Indiana
- Must NOT have established an IDA account previously nor can any other household member have established an IDA account

- Must meet any additional requirements required by the IDA Administrator (i.e. service area limits, specific target population and any other requirements set by the administrator).

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

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

The IDA program meets these objectives by providing financial education, case management, homeownership counseling and other asset-goal specific training to its IDA participants.

This manual is designed to assist administering IDA organizations, and their staff, to achieve these goals by providing the necessary tools, framework and guidance needed to run a more effective program.

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

All questions regarding IHCDA's IDA program should be sent to program staff at IDA@ihcda.in.gov. The only exception to this would be questions related to the claims system (IHCDAOnline – addressed in later section); questions related to that should be sent to IHCDA's Financial Operations department via claims@ihcda.in.gov.

SECTION 200: IDA Administrator Application Process

201 Administrator Eligibility Requirements

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

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

2. Have received a ruling from the U.S. Internal Revenue Service of the United States Department of the Treasury under Internal Revenue Code 501(c)3, 501(c)4, 501(c)5 or 501(c)6.

3. Have received a ruling of tax exemption from the Indiana Department of Revenue under IC 6-2.5-5-21.

4. Have a board of directors consists primarily of community representatives and business, civic, and community leaders; and

5. Have a principal purpose that includes the provision of the following that primarily benefits low-income individuals and communities:
   a. housing.
   b. community based economic development projects; or
   c. social services.

Eligible organizations to administer the IDA program are defined as "Community Based Organizations," as defined in IC 4-4-28-1.7 and "Community Development Corporations" or "CDCs," as defined in Indiana Code IC 4-4-28-2.

202 Application Timeline

When: The application window to apply to administer IDA will open between March and May, for a period of at least three weeks. **Organizations seeking to apply for IDA accounts cannot rely upon receiving a notification directly from IHCDA staff regarding the opening of the application period.** Organizations are responsible for becoming familiar with the time frame the IDA application is released, checking IHCDA's website for updates, and subscribing to the IDA Updates and Notices newsletter. **IHCDA will NOT accept late applications.**

Where: The link to the application will be posted to the IHCDA website along with an IHCDA notice to the IDA email list. **Only online applications will be accepted**.

Who: An appointed representative of an applying organization must execute the application. This may be the Executive Director, the CEO, the Treasurer, CFO, a member of the Board of Directors, or a staff person, contractor, or volunteer with delegated authority from any of the above. **A person completing the application can represent more than one organization**.

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

No late submissions or updates submitted after the due date will be accepted. Prior to submitting their application an agency should save a copy of their responses and take a screenshot of their submission confirmation. Any submission issues should be addressed via email to IDA@ihcda.in.gov.

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

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

202.1 Restrictions on Account Requests

New IDA Administrators are limited to 5 maximum accounts for their first award.

For returning Administrators, the application will ask how many accounts they opened in the previous calendar year. Applicants are encouraged to request a similar number of accounts as they opened; if they request more, they will need to provide a reasonable explanation for how they plan to open and fill more accounts than they have in the previous year.

203 Review and Sign Participation Agreement

Once applications have been reviewed and approved by IHCDA staff, they are presented to the IHCDA Board of Directors for final approval. Once that approval is secured, IHCDA will provide an IDA Program Participation Agreement that spells out terms relevant to the operation and oversight of Individual Development Accounts, which both IHCDA and the Administrator will be held to. An attachment to the agreement will also state the number of IDA accounts an Administrator has been awarded, the terms of the agreement, and the breakdown of the funds awarded.

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

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

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

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

SECTION 300: Program First Steps

301 Review IHCDA Resources and Attend IHCDA Training

In addition to the IDA Participation Agreements, all Administrators are expected to be familiar with program requirements set out in this manual. This manual and other helpful program documents can be found on the IHCDA Partnership Portal of the IDA page: https://www.in.gov/ihcda/program-partners/individual-development-accounts-ida/

IDA Administrators, especially those who are new to the program, should make sure to attend any webinars and in-person trainings that are hosted, which usually take place on an annual basis.

IHCDA may provide additional training at the request of Administrators.

302 Finalize Financial Institution Partnership

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

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

302.1 Memorandum of Agreement (MOA)

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

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

IDA Administrators may not submit claims under a specific grant agreement until a MOA is signed with a Financial Institution for that grant period. Using the contact information provided in the application, IHCDA will send the MOA for e-signature to the financial institution.

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

302.2 General Requirements

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

- Sign a Memorandum of Agreement (MOA) with IHCDA, which oversees the statewide IDA program
- Acknowledge that IHCDA contracts with administrators to manage the IDA program

- Establish one (1) account for state match funds that the IDA Administrator claims from IHCDA and deposit match dollars from IHCDA through ACH transfer into that holding account
  - Match funds must be kept in a separate bank account (the holding account) from the Administrator's Admin funding, which may be held at a different financial institution.
- Establish two (2) joint, custodial parallel accounts for each IDA participant, with the Administrator listed as the custodian and the participant listed as the beneficiary
  - A Personal Savings Account where participant savings will be deposited
  - A Match Savings account for match from IHCDA to be deposited
- Permit deposits to be made to the Personal Savings Account by the IDA Participant
- Distribute matching funds from the Administrator's holding account into the respective Participant IDA match accounts in the amounts indicated by the IDA administrator.
- Ensure that both IDA Participant accounts have restricted access protocols:
  - Participant can deposit only
  - Account withdrawals are only allowed when presented with the Account Purchase Withdrawal Form, signed by both the participant and either the IDA Administrator or IHCDA staff
  - No ATM bank cards, online banking and/or telephone banking features are allowed for the participant
- Ensure financial services related to the establishment and maintenance of the IDA accounts are at no cost to the IDA participant as the account holder
- Guarantee all IDA accounts earn at least the market rate of interest
- Ensure funds dispersed for emergency withdrawal will only be drawn from the IDA participants personal savings account and never the parallel match account
- Ensure that checks are made payable to a third-party vendor
- Ensure IDA participants have access to a monthly banking statement
- Provide the IDA Administrator with monthly statements of all deposits and withdrawals from each designated IDA account
- Establish at least one IDA contact person for the financial institution
- Partner with the Administrator to assist in educating staff on the IDA program
- Adopt procedures to ensure that all information from or about the IDA participant will be handled and maintained in a confidential manner
- Provide the IDA Administrator and/or IHCDA the status of IDA accounts upon request
- Maintain accounts in accordance with applicable state and federal regulations
- Work in conjunction with the IDA Program Administrator to closeout accounts

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

302.3 Administrator Bank Account Structure

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

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

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

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

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

302.4 Partnering with Multiple Financial Institutions

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

1. IDA Administrator deposits Admin funds into an account at one bank (Bank A), and match funds into a holding account at another bank (Bank B). All participant IDAs are opened at Bank B. In this case, only Bank B needs to sign a MOA with IHCDA.

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

303 Register in IHCDAOnline

IHCDA requires IDA Administrators to utilize IHCDAOnline for all claims, including claims for match funds and for administrative funds. Organizations that are new to IHCDAOnline (i.e. they have had no other grant with IHCDA) will need to have their organization registered in the system, in addition to setting up staff accounts. New IDA agency program administrators at returning organizations must create an account for themselves and be granted access to their organization's awards by IHCDA Financial Operations staff. Registration in IHCDAOnline should be done as soon as possible after an Administrator receives an IDA award, to avoid delays for claims.

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

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

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 400: Participant Application, Eligibility and Acceptance

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

401 Information Meeting

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

The Administrator's agenda for orientation should include the following:

- Program requirements and expectations including regular saving plan deposits
- Overview of Financial Literacy and Asset Goal Specific Training requirements

- A list of any out-of-pocket expenses that will be required
- Question and Answer Time

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

402 Application Materials

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

1. IDA Participant Application
2. Proof of income for entire household
    - At least some of the applicant’s income must be from earned income that is at least equal to the amount of his/her annual savings obligation
    - Household income must be below 200% of the most recent Federal Poverty Guidelines
3. Zero Income Affidavit, if applicable for any household member
4. Documentation validating state residency (Driver’s License, Voter Registration, Passport, etc.)
5. The ‘No Previous IDA Account Affidavit,’ signed by the applicant and all their household members
6. A copy of their credit score, which cannot be more than 30 days old prior to their application
7. Must meet any additional requirements required by the IDA Administrator (i.e. service area limits, specific target population and any other requirements set by the administrator).

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

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

While determining eligibility, the IDA administrator should look for any potential barriers that may hinder the prospective participant’s ability to successfully complete the program and purchase the desired asset.

404 Participant's Earned Income

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

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

Examples of earned income include:

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

Excluded from consideration as earned income are:

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

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

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

404.1 Earned Income Documentation

The most acceptable forms of documentation of earned income include:

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

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

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

404.2 Dependent Income

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

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

405 Household Income

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

405.1 Federal Poverty Level

IDA Administrators should use the most up-to-date Federal Poverty Guidelines when income-qualifying a household. IHCDA will update the "Income Calculation Worksheet" each year with these guidelines.

405.2 What Constitutes a Household

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

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

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

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

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

405.3 Household Income Determination

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

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

- <u>If income is inconsistent</u> (hours, pay or overtime varies from week-to-week) continue the process using the previous year's signed Federal tax return or other documentation listed above (as necessary). Keep in mind that the Federal tax return can only be used if it was filed within the past three months; if the applicant is self-employed, it may be used for up to 12 months.
  OR
- <u>If income is consistent</u> (hours and gross pay remain the same week-to-week), then continue the process using employer pay stubs or equivalent or other documentation listed above (as necessary).
  OR
- If participant has been income-qualified for a program with the same or stricter income qualifications within the previous three months, the Administrator *may* use that as proof of **household** income qualification for IDA. See section below for more information.

Step 2 – Input data on the IHCDA Income Calculation Worksheet to determine the total weekly or annual income for EACH household member.
If, at the time of application, the prospective participant or any of his/her household members have more than one job, you must treat each job separately (as an individual) for purposes of completing the Income Calculation Worksheet.

- **Income Calculation Worksheet** Tab Summary: The following is a summary of the uses of each tab on the ICW. Please note that any areas on the spreadsheet that have blanks are meant to be filled, otherwise, the cells will auto-calculate based on the fillable information.

- <u>"Eligibility Summary Tab"</u>
  Enter the participant's 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.

Name	
Date Completed	
Household Size	
Maximum Allowed Household Income	$0.00
Participant Annual Household Income	$0.00
Income Eligible?	Yes

2026		**IDA Maximum Household Income Allowed (200% FPG)**		
Household Size	**100% Poverty Guidelines**	**Annually**	**Monthly**	**Bi-Weekly**
1	$15,960	$31,920	$2,660	$1,228
2	$21,640	$43,280	$3,607	$1,665
3	$27,320	$54,640	$4,553	$2,102
4	$33,000	$66,000	$5,500	$2,538
5	$38,680	$77,360	$6,447	$2,975
6	$44,360	$88,720	$7,393	$3,412
7	$50,040	$100,080	$8,340	$3,849
8	$55,720	$111,440	$9,287	$4,286
For each additional person over 8 add:	$5,680	$11,360	$947	$437

- <u>"Income Calculation Tab"</u> 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 or similar documentation on the Income Calculation Worksheet. Administrators will not have to enter any additional information for the section as the spreadsheet auto-calculates eligibility based on program guidelines. **Do not use the "Income Tax Return" tab.**

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 houseold income when paid:		Check 1	Check 2	Annual	
>	Weekly: Auto-calcuated on average gross income of two pay stubs multiplied by 52			$0.00	
>	Bi-Weekly: Auto-calcuated on average gross income of two pay stubs multiplied by 26			$0.00	
>	Bi-Monthly: Auto-calcuated on average gross income of two pay stubs multiplied by 24			$0.00	Total
>	Monthly: Auto-calcuated 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-calcuated on average gross income of two pay stubs multiplied by 52			$0.00	
>	Bi-Weekly: Auto-calcuated on average gross income of two pay stubs multiplied by 26			$0.00	
>	Bi-Monthly: Auto-calcuated on average gross income of two pay stubs multiplied by 24			$0.00	Total
>	Monthly: Auto-calcuated 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-calcuated on average gross income of two pay stubs multiplied by 52			$0.00	
>	Bi-Weekly: Auto-calcuated on average gross income of two pay stubs multiplied by 26			$0.00	
>	Bi-Monthly: Auto-calcuated on average gross income of two pay stubs multiplied by 24			$0.00	Total
>	Monthly: Auto-calcuated 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-calcuated on average gross income of two pay stubs multiplied by 52			$0.00	
>	Bi-Weekly: Auto-calcuated on average gross income of two pay stubs multiplied by 26			$0.00	
>	Bi-Monthly: Auto-calcuated on average gross income of two pay stubs multiplied by 24			$0.00	Total
>	Monthly: Auto-calcuated on average gross income of two pay stubs multiplied by 12			$0.00	$0.00
Total Household Income:	$0.00				

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

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

TOTAL HOUSEHOLD INCOME:	$0

405.4 Zero Income Affidavit

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

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

405.5 Presumptive Eligibility Based on Other Program Participation

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

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

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

Examples of programs that IHCDA recommends Administrators consider include the Energy Assistance Program (EAP), or Weatherization. If an Administrator has questions about using those or any other programs as proof of household income, they should send a request to IDA@ihcda.in.gov.

406 Residency Documentation

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

407 Previously Established IDA Accounts

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

Because the Indiana Code states, "only one (1) member of a qualifying individual's household may establish an account," (IC 4-4-28-7) no household member of the Applicant's household can have opened an IDA account in the past as well.

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

408 Age Requirement

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

409 Waivers for Foster Children

- **Residency**: a foster child interested in the IDA program must be an Indiana resident when they are first deemed eligible to participate. If they become a resident of another state, they immediately become ineligible for further match claims or for asset purchases. However, instead of immediately terminating the foster child from the program (as is required in all other cases), the Administrator may give the foster child a six-month grace period to return and continue participating in the program. If the foster child does not return within 6 months, the Administrator must close their accounts and list them as a non-graduate of the program.

These exceptions are ONLY for foster children interested in the IDA program. No other children are subject to these rule changes, nor are adult foster parents.
IDA Administrators should pay particular attention to asset purchases made by foster child participants; purchases must only directly benefit the foster child participant or their dependent, and not a foster parent.

410 Credit Score

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

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

411 Accounts for Agency Staff

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

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

412 Participant Readiness

Certain barriers that may impede a prospective participant’s ability to save should be taken into consideration when screening prospective participants for acceptance. The seriousness and ability of the program applicant to actively save should be a factor in the review process before assigning an individual to one of the Administrator’s IDA slots.

IDA 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?

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

If the Administrator does not feel that the applicant is ready to participate in the IDA program, they have the option to waitlist or deny the applicant, although the Administrator MUST be able to show the reason for their decision AND the participant must be able to appeal the decision following the process in Section 900.

413 Eligibility Determination Timeline

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

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

413.1 Participant Waitlist

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

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

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

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

413.2 Participant Denial

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

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

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

414 Project Period for Saving, Asset Purchase and Claims

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

Participants will have three years to save. The remaining year should be utilized by the program administrator to enroll participants at the beginning, and then complete asset purchases and account closeouts at the end of the round.

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

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

415 Beneficiary Designation

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

415.1 Beneficiary is a Family Member

If the beneficiary is a family member, and qualifies for an IDA account, they may elect to join the IDA program using both IDA savings and matching funds from the original participant. They must elect to do this within 90 days of the original participant’s death. In that case, they will be subject to the same award manual and rules that the original participant was subject to and must finish saving and making a purchase by the end of that award term. At that point, the beneficiary will be considered a regular IDA participant, which means they will be ineligible for another IDA in the future, regardless of whether they successfully complete the program.

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

416 Savings Plan Agreement

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

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

The SPA outlines the following program requirements:

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

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

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

417 Plan for Success

Some IDA Administrators have found it difficult to retain program participants until they are ready to make an asset purchase. IDA Administrators must be prepared to offer multiple forms of support for their applicants and participants.

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

- **Plan regular contact with IDA participants**. Regular contact between your program and participants is a way to combat isolation and discouragement. Regular newsletters and occasional “check in” phone calls will help participants feel supported and keep IDA goals in the forefront of their minds. Utilizing calling or texting services can be extremely beneficial.
- **Make staff and resources accessible**. Many participants are inherently reluctant to seek out assistance or support, even when they feel overwhelmed or discouraged. Program staff should emphasize to participants that they are available to help and back up this promise with visible policies and practices, such as setting standard “office hours” or designated call-in times.

- **Be aware of participants' expectations**. While many participants who drop out of the program will do so because they feel discouraged or overwhelmed, some participants may leave because the experience is not what they expected. There is little that programs can do to prevent these losses other than to explain clearly from the outset what IDA participation 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;

SECTION 500: Savings Account Requirements

501 Participant Bank Account Structure

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

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

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

502 Banking Features

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

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

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

503 Initial Enrollment Deposit

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

504 Match Eligibility

The eligibility requirements for receiving 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 <u>at least</u> quarterly.

505 Regular Savings Deposits

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

<u>Typical annual saving plan options:</u>

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)*

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

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

506 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 monthly 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 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.

507 Maximum Match from IHCDA

The IDA program is a 3-to-1 dollar match, so that once participants have saved $1,500, they will be matched with $4,500 in state funds. An individual may deposit an unlimited amount of money into the individual's IDA account, of which the first one thousand five hundred dollars ($1,500) is eligible for a state deposit match up to the $4,500.

508 Savings Account Deposits and Benefits

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

509 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.

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

SECTION 600: Training and Counseling Requirements

1. Once an individual is accepted into the IDA program and their accounts are set-up, the next step is to ensure they attend Financial Education and Asset-Specific Trainings. Both types of trainings are required as a part of the IDA program, and it is the Administrator's responsibility to enforce that both training types be completed within the participant's first year in the program and before the participant makes their first withdrawal.

601 Required Financial Education Training

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

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

The financial education curriculum should include the following topics:

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

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

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

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

602 Required Asset-Specific Training

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

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

Below are some topics that IHCDA recommend be included with Asset-Specific Training.

Homeownership Counseling

- Learn how much house you can afford
- Understand what a sub-prime loan is and how to recognize predatory lending practices
- Learn where to look for down payment and closing cost assistance
- Learn how to qualify for Down Payment Assistance (DPA) or other USDA loan programs
- Understand the settlement process
- Get tips on how to maintain your home
- Learn how to avoid foreclosure

Small Business Training

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

Higher Education and Career Counseling

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

Owner-Occupied Repair

- What is a licensed and insured contractor
- How to find a reliable contractor
- How to hire a contractor
- How to avoid predatory practices involving home improvement contractors
- Obtaining multiple (at least two) estimates and cost comparison techniques to assure an "Apples to Apples" review

- Asking for three references and developing a list of appropriate questions to ask that will assist in identifying the best contractor for the participant
- Researching contractors on the internet and social media as well as State and local resources such as the Better Business Bureau and local builders' association
- Do-it-yourself repair projects
- Basic hand tools for the beginner
- Reviewing and signing the contract including potential "red flags"
- How to add value to a home

Motor Vehicle Purchase

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

602.1 Asset-Specific Training for Multiple Assets

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

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

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

603 Additional Financial Coaching or Credit Counseling

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

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

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

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

604 Case Management

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

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

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

SECTION 700: Asset Purchase Process

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

701 Eligible Purchases

The following asset-types are the only allowed uses for Indiana IDA funds, according to Indiana Code 4-4-28-5:

701.1 Purchase of a Primary Residence

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

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

The IDA participant (or their dependent if the account is meant for them) must be listed (with or without other parties) on the Title and the mortgage, unless no mortgage exists.

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

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

Qualified expenses using IDA funds include:

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

All participants working towards a business-related asset purchase MUST complete a business plan. The business plan must include a description of the services or goods to be sold, a marketing plan, and projected financial statements all business expenses that will be paid for with IDA funds must be included the business plan. The funds must be paid to the Participant's business entity that is registered with the Indiana Secretary of State and may not be paid directly to the Participant.

Additionally, funds may be used for purposes of marketing and other start-up costs, provided all expenditures follow an approved marketing and communications strategy within the business plan. These business plans are to be approved by the Administrators.

701.3 Education and Job Training

IDA funds may pay for costs associated with attending:

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

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

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

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

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

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

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

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

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

IHCDA Recommendations for OOR:

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

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

701.5 Motor Vehicle Purchase

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

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

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

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

701.6 Ineligible Expenses

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

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

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

	Allowable Expenses	**Unallowable Expenses**	**Payable To**	**Required Documentation**
Home Purchase (primary Residence)	• Settlement fees • Financing /closing costs • Title insurance • Attorney fees • Inspection fees • Acquisition costs • Appraisal fees • Mortgage insurance • Other customary "pre-paid" expenses • One-time principal reduction (if home has been purchased with IDA funds)	• Homes purchased on Land Contract • Mobile home purchase • Rent-to Own • Lease-to-Purchase properties • General land acquisition	The settlement IDA Administrator or title company.	• Signed Settlement sheet • Loan Estimate (LE) • Closing Disclosure (CD) • Home appraisal • Evidence of any additional down payment assistance
Education & Job Training	• Tuition • Books and lab fees • Supplies or equipment (including purchase of a computer when directly related to a student's course work) • Room and board • Registration fees • Other costs associated with attendance, including those associated with study abroad, as long as classes abroad count towards a degree	• Pre-existing school debt • Rent • Extra-curricular activities • Reimbursement for any qualified or non-qualified expenses	Vendor	• Documentation of enrollment • Acceptance letter • Bursars' bill • Invoices

Small Business	• Start-up inventory • Licensing fees • Supplies and equipment • Working capital • Marketing materials • Other expenses as included in an approved business plan	• Motor vehicle • Payroll • General funds • Other expenses not included as part of an approved business plan	Vendor	• Approved business plan • Copies of any relevant invoices or estimates
Owner Occupied Repair	• Energy-efficient upgrades • Roofing and windows • Water heater replacement • Electrical repairs • Insulation installation • Heating and cooling • Repairs to the shell of the house • Improvements for health, safety or accessibility issues • Other essential improvements	• Purchase of pool • Cosmetic rehabilitation • Other non-essential improvements	Vendor	• Estimates • Invoices • Pre and post photos (when available)
Motor vehicle Purchase	• Actual costs of motor vehicle purchase • Taxes • One-time fees associated with the cost of purchasing a motor vehicle	• Insurance • Gasoline • Motor vehicle modifications • Repairs	Vendor	• Purchase agreement • Invoice • Carfax report (or similar) • Driver's license • Auto Insurance • Bill of Sale and Title • Motor vehicle registration

703 Qualified Asset Purchase Procedure

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

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

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

1. **Notify the IDA Administrator of the IDA participant's intent to purchase and schedule appointment for approval**. IDA participants should make their Administrators aware of their intent to make a qualified withdrawal at least two weeks before the anticipated purchase date. It is a best practice to request a withdrawal 30 – 60 days in advance.

2. **Acquire necessary documentation for the asset purchase.** IDA participants should make sure to have copies of any bills or invoices ready for their

appointment with the Administrator. Funds disbursed for a qualified asset purchase must be in the form of a check written to a third-party vendor.

3. **Complete the corresponding IDA Asset Purchase Withdrawal Form at appointment**. Once the Withdrawal Form is signed, no whiteouts, revisions or adjustments should be made to the executed document.

4. **Make arrangements with the IDA Administrator for a check disbursement**. In most cases, the check will be mailed directly to the vendor unless other arrangements have been previously made.

    - An IDA Administrator can either have the participant take the signed Asset Purchase Withdrawal Form to the bank or the Administrator can take it themselves. No matter which way the Administrator chooses to operate, the process should be outlined in the organization's internal controls.

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

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

703.1 Upfront Fees for Contracted Owner-Occupied Repair

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

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

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

704 Emergency Withdrawal

Emergency withdrawals <u>may</u> be approved at the discretion of the IDA Administrator at the agency.

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

- To prevent eviction
- To prevent foreclosure on an IDA participant's primary residence

- To pay for medical care expenses or obtain medical care for the IDA participant, his or her spouse, or a dependent of the IDA Participant
- To pay critical living expenses such as food supplies or heating expenses for the IDA participant following loss of employment

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

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

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

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

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

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

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

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

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

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

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

705 Withdrawal of Saved Funds over $1,500
Often, IDA Participants will save over the max $1,500 that IHCDA will match with state funds. Even though anything saved over $1,500 will not be matched, saving more than that is completely acceptable and should even be encouraged, especially if the asset they intend to purchase costs more than $6,000.

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

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

SECTION 800: Participant Account Closeout

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

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

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

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

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

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

802 Participant Termination

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

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

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, as explained in Section 903. The IDA status will be changed to Closed. The IDA participant will be ineligible for future IDA accounts.

803 Reusing a Nongraduate's "Slot"

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

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

Example 1: Participant A opens an IDA under their Administrator's IDA025 agreement. They have until July 2029 to complete their savings, make their asset purchase and close their account. By January 2026, Participant A has saved $800 and been matched $2,400, but is moving to Ohio, and so must leave the program without having made any asset purchases. Their $800 is returned to them, while the $2,400 in match funds is returned to IHCDA. In March 2026, Participant B is signed up using the same "slot" as Participant A. They have until June 2029 to save their $1,500, be matched, make their asset purchase, and closeout, and they must follow the IDA025 Program Manual while doing so.

804 Reassigning a Participant Between Grants

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

The agency will be allowed to reassign **only one participant** per grant during the term of the grant, without seeking approval from IHCDA. Additional reassignments are not allowed except for extraordinary circumstances and with IHCDA's prior approval.

Even in cases where IHCDA approval is not necessary for participant reassignment, IDA Administrators must email IHCDA staff (**IDA@ihcda.in.gov**) about the reassignment, so IHCDA staff can ensure the proper procedures are followed.

804.1 Reassignment Notification to IHCDA and Participant

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

1. Program Administrator approves the participant's reassignment request after reviewing the situation and ensuring the participant meets the following:
    a. Has had a life changing event which alters their life or circumstances in a substantial way. Examples of this include disruption in employment, marriage, divorce, death of a spouse or a medical emergency.
    b. Good standing with the program guidelines
    c. Completed financial education and asset goal specific training

d. Demonstrated a consistent savings record described in the savings plan agreement
e. Not made any withdrawals, either for qualified asset purchases or for an emergency
f. Been enrolled in the IDA program for at least six months
g. Understands the possible ramifications of reassignment, which could include changes to the match rate or final match amount the participant could receive
h. Has not been reassigned previously – participants may only be reassigned once!

2. Program Administrator will notify IHCDA *(by email)* about the reassignment. That notification must contain:

    a. Identify the original program year and the newly assigned year
    b. Demonstrate that the participant meets all eligibility requirements of the second award
    c. Acknowledge that the agency is giving up a new slot on the second award for a pre-existing participant

3. The Program Administrator and participant must complete and sign the Grant Reassignment Affidavit *(place original in participant file)*

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

804.2 Reassigning Match Funds

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

1. Complete the Asset Purchase Withdrawal Form (keep a copy for the participant file)
    - Check the Re-Assignment ROF box
    - Complete the Description of Withdrawal by providing details of the reason for the reassignment
    - Checks payable to (Third Party Vendor): **IHCDA**
    - Provide the financial institution with the fully executed form
2. The financial institution must send a check to:

    IHCDA
    ATTN: IDA Program
    30 South Meridian St., Suite 900
    Indianapolis, IN 46204

3. Make a Repayment Claim in IHCDAOnline (see Section 903.2)
4. Upon seeing the Repayment claim is complete in IHCDAOnline, the IDA Program Administrator will submit a new match claim in IHCDAOnline for the participant under the second award, using the appropriate match ratio

Section 900: Program Administration Responsibilities

901 Submitting Match Claims

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

Quarter	Claim Due Date
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 the match requirements. **IDA Administrators must use the IDA Match Claims Tool provided by IHCDA as supporting documentation for Match Claims**.

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

902 Administrative Budgets and Claims

The administrative budget is determined in the following way:

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

902.1 General Administrative Budget and Claims

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

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

IDA Administrators must submit expenses within 45 days of the occurrence.

902.2 Asset Purchase Budget and Claims

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

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

902.3 Graduating Participants Budget and Claims

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

Each $100 may only be claimed ONCE per participant.

903 Returning Participant and/or Match Funds

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

903.1 Returning Participant Funds

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

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

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

Step 3: Place a copy of the document in the client’s file

903.2 Returning Match Funds to be Reused (Funding Repayment claim)

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

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

In those cases, the Administrator must return the match funds using the steps below. If the Administrator is returning Match funds for another reason, they must follow the steps in the next section (903.3)

Step 1: Complete an Account Closeout Form with the Participant.

Step 2: Submit a Repayment claim in IHCDAOnline on the award that the Participant was assigned to, using the Account Closeout Form as supporting documentation.

Step 3: Close the Participant's accounts at the Financial Institution using the Account Closeout Form.

Step 4: Return the Match funds to IHCDA with a check AND a copy of the receipt for the claim that the IDA Administrator submitted.

- Send both to **IHCDA Attn: Financial Operations, 30 S. Meridian Street, Suite 900, Indianapolis IN 46204**.
- Without the claim receipt, IHCDA staff may not be able to deposit the check. If an Administrator consistently fails to include the claim receipt with the checks that are sent for their closed Participant accounts, they may face reduced IDA awards in future program rounds.

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

Once IHCDA receives the check from the financial institution and can match it to an open claim in IHCDAOnline, the claim will be finalized, and those funds should be available for the Administrator to reuse for another IDA participant.

903.3 Returning Match Funds NOT for Reuse (Return of Funds claim)

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

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

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

Step 1: Complete an Account Closeout Form with the Participant.

Step 2: Submit a Return of Funds claim in IHCDAOnline on the award that the Participant was assigned to, using the Account Closeout Form as supporting documentation.

Step 3: Close the Participant's accounts at the Financial Institution using the Account Closeout Form.

Step 4: Return the Match funds to IHCDA with a check AND a copy of the receipt for the claim that the IDA Administrator submitted.

- Send both to **IHCDA Attn: Financial Operations, 30 S. Meridian Street, Suite 900, Indianapolis IN 46204**.
- Without the claim receipt, IHCDA staff may not be able to deposit the check. If an Administrator consistently fails to include the claim receipt with the checks that are sent for their closed Participant accounts, they may face reduced IDA awards in future program rounds.

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

Once IHCDA receives the check from the financial institution and can match it to an open claim in IHCDAOnline, the claim will be finalized, and those funds will no longer be available to the Administrator for additional claims.

904 Grant Closeout

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

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

- All administrative and return of funds claims must be submitted
- All IDA Accounts must be closed, or reassigned to another active grant award
- All required reports must be submitted to IHCDA, including a final Match Claims Tool that lists all Participants and confirms their accounts are closed or reassigned

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

905 Correcting Errors in Match Funds

During internal or IHCDA review, it may be discovered that a participant received an incorrect amount of match, either because the Administrator used the incorrect match rate or lost track of the total match that had been requested for the participant and claimed too much.

In those cases, it is the Administrator's responsibility to pay back the match funds in the amount above what the Participant should have received. Ex: if a Participant received $5,000 in total match, rather than $4,500, the Administrator would need to pay back
$500 to IHCDA.

The Administrator may not require the Participant to pay the funds back, as it was the Administrator's mistake that led to the error. The Administrator may also only use unrestricted funding to repay the match funds; restricted funds, including those from other State or Federal programs (including CSBG), may not be used. If necessary, IHCDA may approve a payment plan for the Administrator to follow, rather than requiring the funds be returned in one lump sum.

906 Maintaining Participant Files

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

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

Elements of a good Client File include:

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

906.1 Participant File Structure

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

Pocket 1- Applicant Assessment Documents

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

Pocket 2- Financial Summary

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

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

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

Pocket 4- Savings History (Deposits/ Match Funds)

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

Pocket 5- Withdrawals

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

Pocket 6- Communication

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

Pocket 7 – Closeout

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

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

907 Required Reporting

Rather than ask for separate reports, IHCDA uses completed versions of the Match Claim Tool to collect information on Participants and their progress in the program. That is why it is important that ALL Participants in a particular program round are included in the Tool whenever a Match claim is submitted on that award, even if they are not collecting match from that claim.

As a part of Grant Closeout, Administrators must submit a final Match Claim Tool within 45 days of their grant award ending; the Tool must show all Participants and that all of their IDA accounts have been closed.

908 Confidentiality and Security

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

All applications, banking statements, documents and other files related to an IDA participant must be kept confidential by 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.

908.1 Security

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

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

908.2 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 and/or Birth Date
- Home phone number and/or address
- Health information and/or Disability status
- Citizenship
- Banking account information

908.3 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.

908.4 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 IHCDA logo is proprietary to IHCDA and must not be changed or altered by the agency. In addition, the IHCDA legal department has reviewed these documents to assure their compliance with state and federal guidelines.

908.5 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 IHCDA 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 IHCDA. 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.

909 Non-Discrimination

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

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

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

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

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

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

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

Meaningful Access to Limited English Proficient Persons

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

Section 1000: Program Compliance and Monitoring

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

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

Agency internal controls policies must include:

- How to complete an application with proper signature approval process outlined
- How to complete the eligibility review and assessment(s) with internal quality review process included
- How to retain copies of identification 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 IHCDA

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 process as part of your agencies program integrity plan that will verify that the IDA participant is or has met all program requirements according to the policies set forth in this manual and that the IDA participant file is proper order with all required documents and any “wet” signature originals. A QA should be conducted on both approved and denied applicants.

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

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

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

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/ Stepchild or Grandchild
- Brother or Sister-in-law
- Aunt or Uncle
- Niece or Nephew
- Or other individuals that may cause a Conflict of Interest

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

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

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

1001.3 Conflict of Interest

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

1002 Fraud, Waste and Abuse

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

The administrator should follow this process:

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

1002.1 Investigating Fraud, Waste and/or Abuse

The purpose of investigating fraud, waste and abuse is:

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

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

Fraud is defined as "wrongful or criminal deception intended to result in financial or personal gain."
Waste is defined as "consuming, spending or expending thoughtlessly or carelessly."
Abuse is defined as "misusing or using improperly or excessively."

Fraud occurs when a participant knowingly and willfully provides false information about his circumstance. To constitute fraud, the participant must know that the information he or she provides is false and that he or she did so with the intent to gain something or value.
A participant providing incorrect information by mistake is NOT committing fraud. Also, a participant does not commit fraud if he or she is unaware of their responsibility to provide certain information. The participant may provide false information for reasons other than to receive excess benefits, in which case he or she is NOT committing fraud. For instance, the participant may have an embarrassing situation that causes them to fail to report the actual circumstances of their situation. Or there may be other reasons that need to be taken into consideration for concealing the truth or failing to report changes.

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

Another step is to make sure that all applications are fully completed, and no information is missing or doesn't make sense. Questions should be asked in all situations where agency staff need 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 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 the 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 during 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 any investigation:

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

Potential Sources (To assist with your investigation):

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

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

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

The IHCDA Community Programs Monitor and Compliance Attorney are available to assist at any phase of the investigation, if needed. Contact IHCDA 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 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 IHCDA Monitoring

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

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

1. IDA program staff interview to explain Internal Control Procedures, Quality Assurance (QA) review process, administrative functions, outreach process and possible training and technical assistance opportunities.

2. A participant file review that analyzes the components of the application for eligibility of the applicant, financial summary, tracked training activities, deposits/match, withdrawals, communication and executed close out forms.

3. Review of the content being provided to participants for financial education and asset specific training.

5. 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.

1005 Monitoring Report

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

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

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

1005.1 Initial Agency Response

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

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

1005.2 Monitoring Appeals Process

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

1. IHCDA will respond within ten (10) calendar days of receipt of agencies Informal Appeal to the Monitoring Report.
    a. If IHCDA agrees with all items identified in the agencies **Informal Appeal**, the agency will receive a revised monitoring report that it will use to ensure all actionable items are completed.
    b. If IHCDA does not agree (in-full or in-part) with the agencies informal appeal, the agency will receive an **IHCDA informal appeal reply.** The response will acknowledge which issues have been approved or still stand as identified**.**

2. The agency will provide a **second response** within ten (10) calendar days. (If applicable)
    a. If the agency agrees with the reasons described for not changing items identified in the informal appeal, the agencies second response is to be sent to the Community Development Manager.

    b. If the agency disagrees (in-full or in-part) with IHCDA's informal appeal response, the agency may submit a **formal appeal** in writing to the Chief Community Program and Services Officer. The The Chief Community Program and Services Officer will review the formal appeal and provide a written decision within thirty (30) calendar days. Whatever decision is made will be final.

1006 Compliance

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

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

Any agency placed on any type of improvement plan is required to provide notification to their governing board of the identified program deficiencies. Governing Board Meeting Minutes must be provided to IHCDA demonstrating the Board of Directors was informed of being placed on an improvement plan.

1006.1 Failure to Meet Compliance Expectations

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

1006.2 Monitoring Completion

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

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