

# **Virginia Individual Development Accounts Program**

## **2020 Intermediary Program Manual**

Please destroy all other versions of this document



*This program receives funding from the Virginia Department of Housing and Community Development and the Virginia Housing Development Authority.*

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## Purpose of this Document

This manual covers all aspects of contracted VIDA intermediaries' responsibilities in more depth. It provides instructions on procedures and policies on candidate eligibility determination, enrollment, case management, qualified (matched) and non-qualified (emergency) withdrawals, record keeping and administrative funds payment. It is intended to be used to help the Intermediary with day-to-day program activities and should be shared with all staff members who are involved with the VIDA program at the Intermediary and used regularly.

In addition to the *Program Design* and the *Intermediary Program Manual*, DHCD has also created a *Saver's Handbook*. This handbook is designed to put critical information about the program and the saver's responsibilities at their fingertips. It is important that the Intermediary also be familiar with this document in order to assist their savers.

Organizations interested in serving as an Intermediary must complete a threshold-based application. DHCD will contract with selected intermediaries for a term of four consecutive years with a performance review within the first two years of the contract term.

A copy of VIDA Materials can be found on DHCD's website at:

[www.dhcd.virginia.gov/VIDA](http://www.dhcd.virginia.gov/VIDA)

## VIDA Quick Facts

**Program Administration:** VA Department of Housing & Community Development (DHCD)

**Core Program Partners:** Virginia Housing Development Authority (VHDA)

**Program Intent:** To help low income individuals achieve home ownership through matched savings and training. The program supports increased long-term household financial stability through asset development and results in community economic development impact through job creation, neighborhood stabilization and work force development.

**VIDA Match:** \$8 in match for every \$1 the participant saves from earned income or tax refunds;  
Match cannot exceed \$4,000 per saver;  
Up to two eligible individuals in a household may participate;

**Timeframe:** Each participant has two years to complete the program;  
Matched withdrawals cannot occur **until after six months** of continuous saving and successful completion of training

**Savings:** At least \$25 monthly, direct deposit into the VIDA account is strongly encouraged

## Recruiting Candidates

Recruiting participants into the program is a key responsibility of intermediaries. DHCD provides resources to help with recruitment in the form of stock press releases; images; PSA's and marketing ideas to help build awareness of the program and make it easier for you to reach out to eligible markets.

One such tool is the *VIDA Media Toolkit*, which can be provided by the VIDA program administrator. The materials provided within the kit are meant to be turn-key and are ready to be customized for your use. The kit provides information to help you promote your first program graduate; a milestone program graduate; as well as PSA's and materials to help promote VIDA at tax time.

DHCD periodically will create special events to help promote statewide exposure for the program and the VIDA intermediaries. Events in the past have included VIDA/EITC Day and an Awards Luncheon as well as release of special VIDA Saver Videos. DHCD also looks for effective and successful ideas from intermediaries on what has worked for them and periodically holds trainings and requests Best Practices Information from intermediaries.

**B**ased on a poll of intermediaries, most found that the two best sources of referral of potential applicants were: 1) **their agency's other programs** such as housing counseling, free tax preparation, Head Start and small business development services; and 2) word-of-mouth from current and previous savers.



## Determining and Documenting Candidate Eligibility

Intermediaries are responsible for determining and verifying a candidate's eligibility to participate in the program. Below are the five criteria that every candidate must meet **at the time** of application in order to be considered eligible for the program.

- ✓ Is the saver **at least 18 years old**? See page 8.
- ✓ Is the saver a **U.S. citizen**, or legal alien, and a Virginia resident? See page 8.
- ✓ Does the saver have **earned income**? See page 9.
- ✓ Is the **household income** within eligibility guidelines? See page 9.
- ✓ Is the household's **net worth less than \$10,000** at the end of the preceding calendar year? See page 12.

As the Intermediary, **you** are responsible for requesting and reviewing documentation from candidates and to determine their eligibility. The specific required documentation is listed on the following page.

**You** are responsible for maintaining all of the supporting documentation that verifies that a candidate has met all of these eligibility requirements. This documentation will be reviewed by DHCD during regular monitoring visits.

If a candidate is accepted into the VIDA program based on this documentation and is shown to be ineligible, the Intermediary may be responsible for repayment of any match paid on behalf of the saver.

## **Required Documentation**

The candidate must provide the following documentation to you for your review and determination of their eligibility. You must maintain this in their files if accepted into VIDA. It will be reviewed during DHCD monitoring visits.

### **TANF**

Candidates whose households receive TANF automatically meet household income and net worth requirements and need only to provide proof they receive TANF and proof the *candidate has earned income* (pay stubs for the most recent two months).

### **Free & Reduced Lunch Program and Earned Income Tax Credit**

Candidates whose households filed for the EITC on their most recent tax return or receive free and reduced school lunch automatically meet household income eligibility. *They must still provide all the documents listed below AND meet the net worth requirement.*

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#### **Proof of Candidate's Citizenship**

For U.S. citizens:

- ✓ Clear & readable copy of a valid Virginia Driver's license; or
- ✓ Other valid government picture ID & another form of proof of VA residency

For legal aliens:

- ✓ Clear & readable copy, front & back, of their valid and current documentation from the US Citizenship and Immigration Services (USCIS) such as a **permanent resident card** or a USCIS document that shows their country of birth
- ✓ Proof of VA residency

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#### **Proof of Candidate's Earned Income**

- ✓ Pay stubs for the most recent two months
- ✓ Most recent federal tax return (business returns if appropriate)

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#### **Proof of Household Income Eligibility**

- ✓ Pay stubs for the most recent two months for all currently employed members of the household, including candidate
- ✓ Most recent federal tax return (personal, and business returns if appropriate) for all currently employed members of the household, including candidate
- ✓ Benefits statements or other documentation verifying amounts of other sources of income for all members of the household and candidate as appropriate
- ✓ Self-employed members of the household, must provide Profit and Loss statement for the previous and current year; AND copies of paid invoices OR Letters from customers

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#### **Proof of Household Net worth Eligibility**

- ✓ Most recent statements for each asset for each household member showing the current value
- ✓ Most recent bills/statements for each liability for each household member showing the current amount owed

## **Steps to Determine Eligibility**

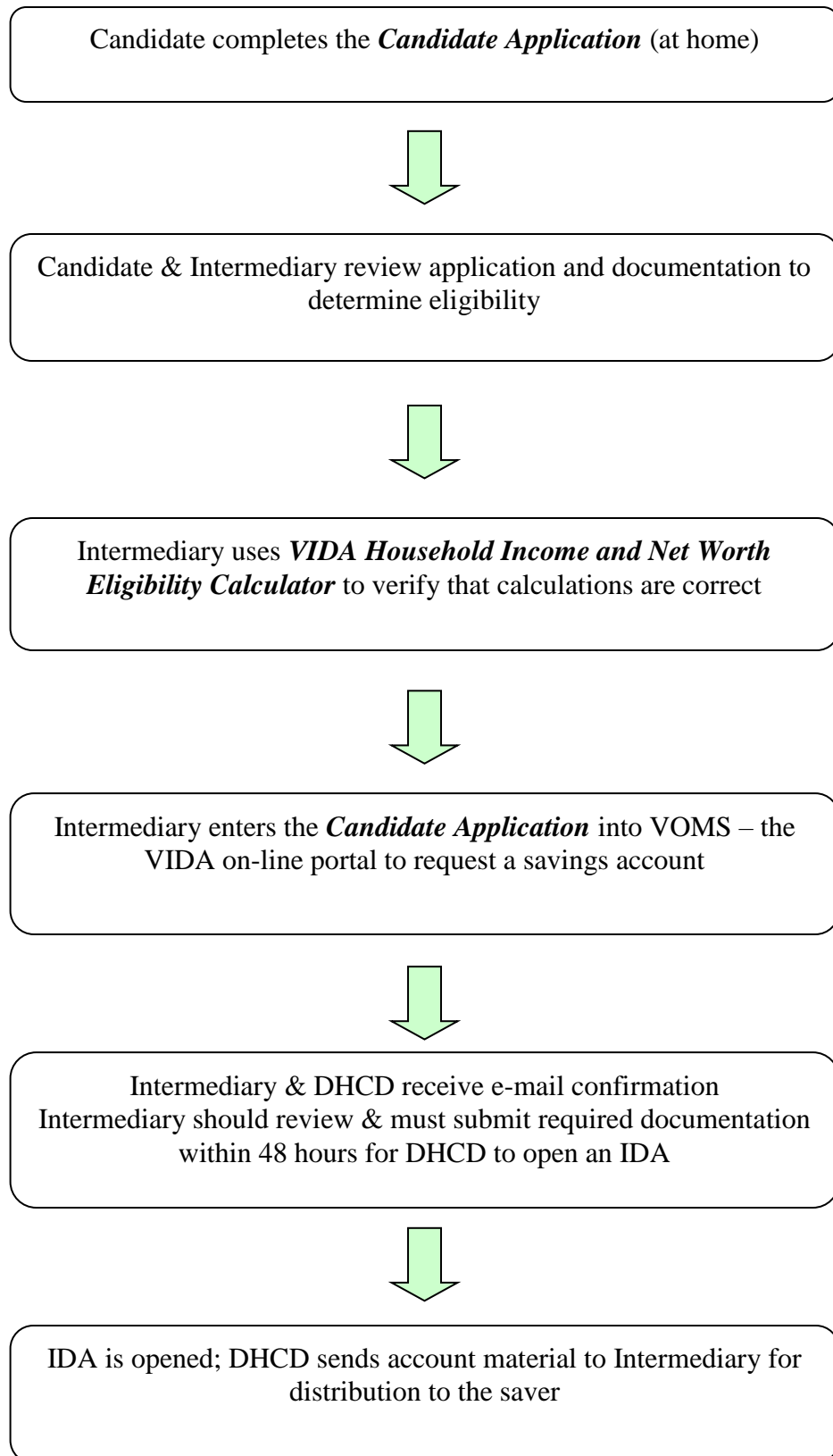
We suggest that you have potential candidates complete the application at home but that you review it with them first for clarity. We recommend that you go through the **Required Documentation** discussed above with them carefully so that they can return with all the documents needed at one time.

The following sections of the manual walk you through the steps you need to complete to be certain that they are eligible. The section order roughly corresponds to sections of the *Candidate Application*. The application does include non-eligibility related questions related to demographic, but these are self-explanatory and not covered in this manual.

Appendix A has diagrams that can be used to explain eligibility to candidates.

In order to successfully accomplish these responsibilities, intermediaries are expected to have a clear understanding of the program eligibility requirements.

## Process Overview



## **Step 1: Verification of Age (Application Section A)**

Candidates must be at least 18 years of age. A clearly readable copy of a **valid driver's license is the best documentation of age**. If the candidate does not have a driver's license and common sense would indicate that the candidate is clearly not younger than the age of 18, then it is acceptable to consider them "age eligible" without this specific documentation.

## **Step 2: Verification of Citizenship/Residency (Application Section A)**

Candidates must be U.S. citizens, or legal aliens, **and Virginia residents**. Refer to the Required Documentation section concerning what documents are acceptable as proof of citizenship for VIDA eligibility. These documents are also **required by banks** in order to open the savings account on behalf of an individual.

## **Income Verification Overview: Defining Income and Households**

VIDA looks at income in two ways: household income and earned income. **Household income** is used to determine that the candidate's household (defined below) income does not exceed the eligibility limits: at or under 80 percent of the area medium income. Household income includes all sources of income - from employment and non-employment sources - from all members of the household

**Earned income** means that the candidate is **working** - part, full or even self-employment – and earning money from that work. The candidate must have earned income. Charts 1 and 2 later in this document show what is considered earned income as well as other sources of non-employment income that must be included in the calculation of household income. How to Verify Earned and Household Income are discussed in the next sections.

The program 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 includes **the saver plus any other individuals** (related or not) living under the same roof meeting the criteria above.

While certain benefits programs recognize a **"household of one"** living in the dwelling unit with other individuals, **IF** that "household of one" lives and eats with the other members, regardless of paying rent, the program **does NOT consider that as two separate households**. The income and net worth of all the individuals living in the dwelling unit **MUST** be used to determine eligibility.

### **Step 3. Verification of Candidate's Earned Income (Application Section B)**

Candidates must have **earned income** to be eligible for VIDA. Earned income includes **wages, salaries, or professional fees, and payments for services rendered.** Candidates may work part-time, full-time or be self-employed, provided that they are earning stable and steady income.

You will verify earned income at the time of application by reviewing pay stubs for the most recent two months.

Candidates with **no earned income** that rely solely on TANF, SSI, etc. are **not eligible** (Chart 1).

#### **Self-employed Candidates**

In cases of self-employment and in the absence of pay stubs or recent personal or business tax returns, the candidate **MUST** provide the following as proof of earned income:

- ✓ Profit and loss statement for the previous and current year; **AND**
- ✓ Copies of paid invoices **OR** letters from customers verifying that the candidate is employed by them to perform (specify service) on what basis (daily, weekly, monthly) and are paid (specify the amount) for the service along with cancelled checks if possible.

Candidates that cannot provide adequate, reliable documentation of earnings from self-employment are **NOT** eligible and should not be enrolled.

Chart 1: What Counts as Earned Income		
Earned Income		
Wages from formal or self employment		✓
Other Income		
Alimony Payments		X
Dividend Income from stocks and bonds		X
Interest Income		X
Investment Income		X
Pension Funds/Retirement Income		X
Private disability insurance payments		X
Settlements		X
Social Security		X
Social Security Disability Income (SSDI)		X
State and Federal training stipends		X
Supplemental Security Income (SSI)		X
TANF		X
Unemployment Compensation		X
Veteran's benefits		X
Child support		Not Included

### **Step 4. Verification of Household Income (Application Section C)**

Household income is section C. of the *Candidate Application*. This section is often revised during your intake process. Candidates can complete these sections but it is **not necessary for them to calculate final totals**. You will use the *VIDA Household Income and Net Worth Eligibility Calculator (Calculator)* to actually make the final calculations. Please read Appendix B. on the *Calculator* to be sure that you are familiar with how it works. The Appendix also shows where the information from the *Candidate Application* should be entered into the *Calculator*. DHCD will look to the information from the *Calculator* as the official version of

the household income. ***There are several ways to determine the candidate's total household income and verify that it meets the program's eligibility requirements.***

The following information walks you through the ways that can be used to determine household income depending on the household, their eligibility for other federal means tested programs and whether or not they file taxes.

Remember, **ALL** candidates are required to provide back-up documentation for all income sources for all household members.

***TANF Households (Application Section C. 4. and 5.)***

If the candidate's household is eligible for **Temporary Assistance for Needy Families (TANF)**, then they meet the program's household income limits, **provided the candidate has earned income**. If the candidate does not have income from employment in addition to TANF, they are not eligible for VIDA. Enter the earned income in the ***Candidate Application*** in **Section C. 4** and the amount received from TANF in the ***Candidate Application*** in **Section C. 5**. You must obtain a letter from the local DSS indicating the individual is TANF-eligible and currently receiving TANF.

***Earned Income Tax Credit (EITC), Free and Reduced School Lunch Households Filing Taxes (Application Section C.4)***

If the candidate's household filed for **Earned Income Tax Credit (EITC)** or is EITC-eligible based on their most recent tax return and/or receives **Free and Reduced School Lunch** for a dependent child living in the home, then they meet the household income limits. If they filed taxes for the most recent tax year, then the Adjusted Gross Income (AGI) from that return can be used as the total amount of income for that individual on the ***Candidate Application***.

You **do not** need them to complete all the information with regard to number of hours worked and hourly wage. **IF** AGI is used for a household member's income, they should NOT complete

the ***Candidate Application Section C.5***. AGI includes sources of non-employment income as well as income from employment. AGI can be found on:

- ✓ Line 37 of Form 1040; or
- ✓ Line 4 of Form 1040EZ, or
- ✓ Line 21 of Form 1040A

If adults in the household file separately, you must enter the AGI for each. The total household income must not exceed the income eligibility limits.

If the candidate's household **did not file income taxes** for the most recent tax year, they must provide you with the hourly wages and the number of hours worked for all household members including themselves on the ***Candidate Application***. Any non-employment income from households where no taxes were filed for the most recent tax year must be reported on the ***Candidate Application***.

You will need to keep a copy of the household return(s) in the candidate's file as verification of meeting household income limits. In addition, for the **Free and Reduced School Lunch** program, the candidate must provide program eligibility documentation to you from their local education agency specifying the dependent child by name participating in the Free or Reduced Lunch program.

#### ***Households That Filed Federal Income Tax Returns for the Most Recent Tax Year***

In cases where a candidate **does not receive** TANF or Free or Reduced Lunch benefits or is not EITC eligible, AGI can be used as the income for the ***Candidate Application*** provided the employment situation of the candidate and other household members has not changed in the past year. IF adults in the household file separately, you must enter the AGI for each. The total household income must not exceed the income eligibility limits.

#### ***Households with Earned Income that Did Not File Tax Returns for the Most Recent Tax Year***

If the candidate or anyone in the household has earned income (from employment) and **did not file a return for the most recent tax year**, they must provide you with the hourly wages and the number of hours worked for all household members including themselves from the two most recent paystubs. The candidate should not include both "income from employment" and



"adjusted gross income" from the same household member(s) unless that employment income was NOT included in the original AGI calculation.

***Households that Receive Non-employment Income that Did Not File Tax Returns for the Most Recent Tax Year (Application Section C. 5.)***

Any/all household members that receive **non-employment income** and **did not file a tax return for the most recent tax year** must complete the *Candidate Application*. Chart 2 shows all the sources of non-employment income that should be included in that section. Do **NOT** include child support.

You will need documentation to verify the amount of income from each non-employment source.

This would be whatever statements they receive for that particular item.

Chart 2: What Must be Included in Household Income	
Earned Income of All Household Members	
Wages from formal or self employment	✓
Non-employment Income of All Household Members	
Alimony Payments	✓
Dividend Income from stocks and bonds	✓
Interest Income	✓
Investment Income	✓
Pension Funds/Retirement Income	✓
Private disability insurance payments	✓
Settlements	✓
Social Security	✓
Social Security Disability Income (SSDI)	✓
State and Federal training stipends	✓
Supplemental Security Income (SSI)	✓
TANF	✓
Unemployment Compensation	✓
Veterans Benefits	X
Child Support	Not Included

***Calculating Total Household Income***

The *Net Worth Calculator* will tally a grand total of household income. You will compare this with either the most recent household income limits at <http://www.dhcd.virginia.gov/images/VIDA>. The total household income must be at or below 80 percent of the area medium income limits based on household size.

If you have concerns or questions about how to determine a particular candidate's household income please contact the VIDA office for guidance. You should ask the candidate for additional information if you are not comfortable with income calculated from pay stubs, what is listed on the application or what is shown on the previous year's federal tax return.

**Step 5. Verification of Household Net Worth (Application Section D)**

Candidates and members of their households may have assets when they enter the program provided that the household net worth (assets – liabilities) is less than \$10,000.

Candidates will complete the Net Worth chart in the *Candidate Application* for each household member with the current value of any of the assets listed as well as how much they owe. The value of a primary residence and one automobile are NOT considered in the net asset calculation, however the mortgage or loan amount is included in the net liability calculation. Again, it is recommended that this section of *Candidate Application* is used as a worksheet to gather the information on assets and liabilities for each member of the household and not have the

candidate complete the totals. DHCD will look to the information from the **Calculator** as the official version of the household net worth.

You may change the name of an asset or liability on the chart to reflect the assets and liabilities in the candidate's household. For example, if there are three cars in the household but no Recreational Vehicles, you would change the title of that row from Recreational Vehicles to Household Vehicle (3) and include its make, model and value.

As noted earlier, TANF households automatically meet the household net worth. You **MUST** still enter the household net worth into the **Calculator** for submission to DHCD even if net worth is \$0. Accounts will not be opened until these steps are completed. The candidate must also provide proof of such participation.

You must **compare** the list of assets from the Household Net Worth chart to the **most recent federal tax returns of all members of the household** to ensure that **no** assets have been omitted. The table below shows the specific lines in the tax return that correspond with particular assets in the Net worth chart. Income from these assets must be reported on the federal return. If you see any income reported on the lines listed below on a tax return, then the **actual asset** should be **included** on the Household Net Worth chart. **If it is not, you must ask the candidate to provide information about that asset.**

If Federal Form 1040 Tax Returns Include Income From the Following:	The Net Worth Chart Must Include These Assets
Dividend payments (Lines 9a & b)	Value of the stocks and/or bonds
Business income (Line 12)	Value of the business
IRA distributions (Line 15)	Value of the IRA
Pensions & annuities (Line 16)	Value of pensions & annuities
Rental real estate (Line 17)	Value of the real estate
Farm income (Line 18)	Value of the farm business/land
You <b>MUST</b> have documentation of these assets & they must be in Net Worth calculation	

**For homeownership clients**, if there are deductions, you must review a copy of **Schedule A** to verify that the deduction is **not for home mortgage interest**. If this is the case, the

candidate is **NOT** eligible to enroll in the program to save for homeownership because they currently own a home.

If the candidate has a 401k or other retirement account, list only the amount the candidate can access. For example, if the candidate is fully vested, list the entire balance. If the candidate is not fully vested, list only their contribution amount and the portion of the employer contribution in which they are vested – in other words, the amount they would receive if they cashed out of the account. Any questions concerning this may be directed to DHCD VIDA personnel.

Once the Net Worth chart in the application is finalized (except totals), you will enter the information into the **Calculator**, which will automatically determine the household's net worth.

If the household's net worth is less than \$10,000, the candidate's household has met the net worth test.

### **Desired Candidate Profile**

In addition to eligibility, the ability of the individual to obtain the asset within two years should be a factor in the Intermediary's decision to move forward in the enrollment process. This is of particular importance for the purchase of a home which requires considerable resources beyond the savings in VIDA.

**Debt reduction should always come first.** All eligible individuals are encouraged to participate in the VIDA program but if a candidate cannot realistically pay down debt AND save enough to complete the program in two-years, the candidate should focus on debt reduction. Once debt has been reduced, the candidate will be in better condition for VIDA participation.

### **Candidate Denial**

Obviously, you must deny acceptance into the program when a candidate or their household **is not eligible**. It is important to deny or **postpone** acceptance in cases where the eligibility criteria are met but there are **legitimate concerns about the candidate's readiness and commitment** to VIDA and to succeed in maintaining and benefitting from the asset long-term.

### ***Intermediary Steps after Denial***

If the Intermediary determines that a candidate is not eligible or ready for the VIDA program, intermediaries should send written correspondence explaining the reason for denial and return the \$25 cashier's check or money order. **The \$25 should be returned as soon as possible upon denial of the application.** It may be preferable to have the candidate come to the Intermediary's office in person to pick up the money. If it is returned to them via mail, be sure to use certified mail return receipt requested as proof that the candidate received the money.

DHCD will NOT be responsible for any lost cashier's checks or money orders. In cases of denial not related to the eligibility criteria, candidates are encouraged to continue to work with the Intermediary to address their debt or other issues and work with the intermediary to complete a new application at a later date when they can successfully complete the program.

## Requesting a Savings Account

### VIDA Savings Accounts and Deposit Sources

VIDA savings accounts are **custodial accounts** that contain only the saver's deposits of **earned income**. No other funds should be deposited in the account with the exception of tax refunds. Savers never have direct access to the match money, which is kept in a central escrow account by DHCD until the saver is ready to purchase an asset.

As a custodial account, funds should not be withdrawn without a saver and Intermediary's signatures and a VIDA staff signature. Savers that withdraw funds from their savings accounts outside of the prescribed withdrawal process will be terminated.

The intent of the custodial account and a prescribed withdrawal process, especially in the case of withdrawing savings for cash emergencies, is to allow the Intermediary the opportunity and time to help the saver explore other sources of assistance to avoid dipping into savings.

### ***Deposit Sources***

Intermediaries should remind their savers that no gifts or funds from sources other than earned income or tax returns should ever be deposited in the savings account.

Deposits **must:**

- ✓ Originate from the saver's earned income or the saver's tax return
- ✓ In the case of lump sum deposits **not from tax returns**, you must receive from the saver documentation showing that the funds were from the saver's earned income; if this document is not available, you need to explain to the saver that this deposit cannot be put into their VIDA account. **This is grounds for termination from VIDA.**
- ✓ Savers are still required to make monthly deposits of at least \$25 for the duration of their participation in VIDA. Failure to do so may result in termination.

## **Prior to Submitting Eligible Candidates' Information to DHCD**

Prior to data entry of the eligible candidate's information in the VIDA Online Management System (**VOMS**), the Intermediary should review the completed application with the candidate paying particular attention to the following:

- ✓ Verbally review the answers with applicants to clarify your understanding; **make notes** on the application if necessary
- ✓ Verify that income and employment reflect each other appropriately
- ✓ Compare the income verification documents to the household income listed on the application and check for inconsistencies
- ✓ Compare the results of the **VIDA Income and Net Worth Calculator** with the program's income and net worth requirements to be sure the candidate is eligible
- ✓ Is the monthly savings amount realistic?
- ✓ Is the asset goal realistic and can they purchase the asset within VIDA timelines?
- ✓ Their enthusiasm and the reality of the candidate's goals

## **Submitting Eligible Candidate Information to DHCD**

Intermediaries will now use the DHCD **VIDA Online Management System**, here after referred to as **VOMS**, to provide DHCD with the eligible candidate's household income and net worth information. More information concerning **VOMS** is presented in a following section and the details of using **VOMS** are discussed in a separate manual.

Once the candidate and the Intermediary have established that the candidate is eligible to participate, the Intermediary and/or saver do the following to request a savings account:

1. The candidate and Intermediary sign a finalized paper **Candidate Application** and the candidate signs the **VIDA Household Income and Net Worth Calculator** worksheet. You will keep **Candidate Application** and all the documentation in the candidate's file for review by DHCD during monitoring. It must be signed and dated. The signed **VIDA Household Income and Net Worth Calculator** worksheet will be part of the application materials you submit to DHCD to open a savings account that has been entered into **VOMS**.
2. The Intermediary enters and submits the finalized **Candidate Application** and the finalized **VIDA Household Income and Net Worth Calculator** worksheet information into the **VOMS** as soon as possible after having verified eligibility. Submission of the eligible candidate's application information into **VOMS** is how an Intermediary requests a savings account. The Intermediary and DHCD are notified of the submission via e-mail.

Intermediary sends the following information to DHCD within 48-hours of the date the confirmation e-mail is sent:

- ✓ signed Saver's Agreement;
- ✓ **VIDA Household Income and Net Worth Calculator** worksheet signed by the candidate;
- ✓ last page of the **Candidate Application** signed by both the Intermediary and the candidate;
- ✓ a (readable) copy of the candidate's valid Virginia driver's license or in the case of a non-citizen, but legal resident, a copy of the US Citizenship and Immigration Services (USCIS) documentation; this is required to open the saver's account;
- ✓ a **\$25 money order** made payable to the **candidate**;
- ✓ a completed, signed, and dated Form W-9 (available online at [www.irs.gov](http://www.irs.gov)) for bank documentation purposes

### **Timetable for Account Opening and Other Details**

DHCD will work on a monthly schedule with representatives of each bank to set up savings accounts. The \$25 submitted with the above materials is used to open the account. Please make sure that it is made payable to the candidate. Allow an average of five to ten (5-10) business days from the time DHCD submits the account package to the financial institution for the bank to open the account.

Once the bank has opened the account, DHCD sends the account information to the Intermediary along with a fully executed copy of the *Saver Agreement*. It is the intermediaries responsibility to provide this information to the saver. DHCD welcomes the enrollees to the program via postcard and asks them to contact their intermediary as soon as possible for account information.

### **Establishing Direct Deposit for Savings**

As soon as the saver receives their account number, ask them to begin the process to set up a **direct deposit** of at least \$25 a month from their paycheck into their VIDA account as soon as feasibly possible. The saver should use counter deposit slips to make their monthly deposits until they can establish direct deposit of savings with their employer. **DHCD will provide the saver with the proper information to enable their employer to set up direct deposit into their**

**VIDA account.** DHCD is able to determine if a saver is using direct deposit because of its access to the accounts as custodian.

## Accessing the VIDA Online Management System

As mentioned earlier, intermediaries will now use the DHCD Online VIDA Management System, or **VOMS** to reserve a savings account for their eligible participants. **VOMS** also allows intermediaries to create a profile of their organization that can be updated when their contact information changes and a way to record and track when their savers complete the training requirements.

You should **NOT** use the **VOMS to determine eligibility**. You must use the *Calculator* to determine that the household income and net worth calculations are correct; only then should you enter this information into the on-line portal. You are **NOT able to save** information in the portal to complete or correct an application at another time. How to use **VOMS** is discussed in a separate manual.

The system should expedite saver enrollment among other things. It has this basic functionality, but DHCD plans to increase its functionality in the future as time and resources permit. Instructions on the use of **VOMS** are provided in a separate manual entitled the **VIDA Online Management System (VOMS) User Manual**.

## Candidate Support

### The Savings Plan, Savings Statements and Monthly Meetings

#### *Savings Plans*

Intermediaries are to work with each enrolled saver to develop a customized *Savings Plan* within two-months of the saver's account opening. The *Savings Plan* is meant to help keep your savers on track and help you gauge their success at moving toward their savings purchase in the two-year program timeframe. The *Savings Plan* should be like a work plan that sets up specific dates during the two-year timeframe by which savers will meet key benchmarks related to debt reduction, regular savings, training completion, deposit of EITC, and selecting and "purchasing" the asset. This document should be reviewed and discussed at your regular meetings and revised as necessary.

**R**egular contact & positive feedback were the top 2 things intermediaries did that helped savers stay in VIDA.

#### *Savings Statements*

DHCD will send intermediaries monthly savings statements for distribution to all their enrolled savers (Appendix). The statements show debits and credits (if any) for the previous month. The statements also include tips for savings; reminders about EITC at tax time and inspirational information. You should plan to keep a record of the savings statements for each saver with their file. Month-to-month savings amount trends are important indicators not only of progress, but changes in life circumstances or commitment to the program and are important to discuss with savers.

#### **Monthly Meetings**

Intermediaries are expected to meet on a **regular basis** with each of their enrolled savers, monthly, on average. The meeting should cover the following items/topics:

- ✓ A review of the savings statement and the *Savings Plan* to see how well they are meeting benchmarks
- ✓ Month-to month savings patterns
- ✓ Changes in employment status or other items that might lead to trouble completing the program and lead to emergency withdrawals **or even termination from the program.**
- ✓ **Upcoming matched withdrawals** to ensure there is the necessary amount of time to complete the qualified (matched) withdrawal process or that the saver does not purchase



their asset without using the VIDA match; details on the process are found in the Withdrawal Section of this document.

- ✓ Verify the **saver's current address** to ensure that you and DHCD have the most up-to-date contact information.

These regular meetings may be as long or short as are needed to assess where the saver stands and revise the ***Savings Plan*** to help them move forward. This communication is vital to helping your clients reach their ultimate goal.

### **Switching Asset Goals**

When savers are having difficulty reaching the level of credit worthiness and/or savings to reach their asset goal, discuss the possibility of them switching goals rather than drop. It is preferable to help committed savers benefit from the program and the matching funds by pursuing an asset goal that is more attainable. For example, encourage a participant who cannot save enough to purchase a home to consider using savings for postsecondary education.

If a saver would like to pursue a different asset, have them complete and sign a ***Change of Asset Request Form***. The Intermediary **must also sign** and fax this to DHCD so the saver's asset goal can be changed in the ***VOMS*** program reporting requirements. Intermediaries must also ensure that the saver receives the appropriate asset training for the new goal.

### **Cash Emergencies**

Intermediaries are expected to help savers to resolve emergencies without using their VIDA savings. If no alternative means exist, assist the saver in requesting an emergency withdrawal of the saver's funds following the appropriate procedures. Emergency withdrawals are considered on a case-by-case basis **for medical care, payments necessary to prevent eviction, or for**

**living expenses following the loss of employment.** In the case of an emergency withdrawal, the saver may access only the funds deposited into their IDA. Match is NOT provided in such cases.

Practical experience has shown that it is VERY difficult for savers to replenish their IDA funds and graduate. In fact, many savers drop out after these withdrawals or are terminated because they do not resume regular monthly deposits.

### **Assisting the Asset Purchase**

Intermediaries are required to assist savers with identifying the best asset to purchase and to help the saver receive other available financial resources (NSP home; financial aid; business loans).

To every extent possible, counsel the saver to use a **reputable vendor with a proven track record** for provision of the service or product, and in the case of a home or other purchase requiring a contract, review the contract to ensure fair and reasonable treatment of the saver. Should vendors default on the provision of the goods and services after receipt of payment of match and savings, DHCD reserves the right to seek repayment of lost match funds from the saver.

Work with the saver to be sure that you have all the information needed to submit a complete ***Qualified Withdrawal Request Form*** to DHCD. The saver should **NOT** submit the request directly to DHCD; **this is the Intermediary's responsibility**. Intermediaries are responsible for submitting the request to DHCD on behalf of the saver no later than five business days after receiving it from the saver.

Remember, **DHCD cannot process** any matched withdrawal requests **UNTIL** the saver's account has been **open for six months**.

### **Saver Termination**

DHCD will **terminate savers that miss three consecutive monthly deposits**. If savers miss monthly deposits **without explanation to the Intermediary**, DHCD would rather offer the opportunity for program participation to more committed individuals.

As mentioned earlier, you will receive information monthly on the balance each saver has in their account. It includes the balances of all the previous months as well. It is critical that you review this information in a timely manner to know what is happening with your savers.

If you see that a saver's **balance has not changed from one month to the next**, it means the saver has missed a monthly deposit. This should not happen because of the direct deposit.

However, if it does intermediaries should use escalating counseling to reach out to savers that have missed a monthly deposit and alert DHCD of any extenuating circumstances. The counseling can happen at the time of the monthly meeting but it is best to reach out as soon as you are aware of a missed deposit.

If you cannot make contact with the saver and a second deposit is missed, you should request a meeting to discuss on-going participating in the program and let them know that they will be **terminated from the program** and their savings returned to them upon receipt of an *Nonqualified Withdrawal Form* from the Intermediary. DHCD will not be inclined to allow them to apply again in cases where two or three deposits have been missed and there has been no communication between the saver and the Intermediary and the Intermediary and DHCD.

In order to successfully accomplish the above responsibilities, intermediaries are expected to have a clear understanding of community resources, complementary financing or other programs that can be layered with VIDA for the asset goals they offer.

# Financial Management and Asset Specific Training

## Financial Management Training

Every enrolled saver is required to successfully complete **financial management training**. The Intermediary should provide the required training or partner with an organization that can provide the required training. In cases where the Intermediary does not provide the training directly, you **must** receive proof of the saver's successful completion of the course work.

Additional information with regard to asset specific training is discussed below.

The training should consist of **at least 8 hours** and address the following topics at a minimum:

- ✓ Goal setting
- ✓ Budgeting, including finding money to save and cutting costs
- ✓ Strategies for managing and paying down debt
- ✓ Understanding credit including reading credit reports, repairing and maintaining credit  
Understanding credit score and increasing it
- ✓ Calculating net worth and strategies to improve net worth
- ✓ Consumer protection laws including overview of consumer rights and responsibilities
- ✓ Evaluating financial services and using financial services to manage money

DHCD strongly recommends the use of one of the following financial management curriculum:

- ✓ FDIC Money Smart: A Financial Education Program, for more information go to: [www.fdic.gov/consumers/consumer/moneysmart](http://www.fdic.gov/consumers/consumer/moneysmart)
- ✓ Money Management International's Financial Wellness in 30 Steps, for more information go to [www.moneymanagement.org](http://www.moneymanagement.org)
- ✓ NeighborWorks Financial Capability Program, for more information go to: [www.nw.org](http://www.nw.org)

The IDA Resource Center is also a good source of guidance and information on all aspects of Financial Education. Click <http://idaresources.org/page?pageid=a047000000ApiTG> to find valuable resources.

## Asset-specific Training

Every enrolled saver is required to successfully complete **at least 6 hours training related to their asset goal**. The intermediary should provide the required training or partner with an organization that can provide the required training. In cases where the intermediary does not

provide the training directly, they must receive proof from the saver of successful completion of the course work.

The specific requirements by asset goal are presented under the Asset Specifics Guidelines sections later in this manual.

## Program Funds

### Match Funds

Savers are limited to a maximum of \$4,000 match from VIDA at a rate of \$8 for each \$1 **saved from earned income or tax refunds.**

**No gifts** or funds from other sources should ever be deposited in the savings account. DHCD will **request repayment** of match made based on any other source except earned income and tax returns.

Match funds are held in escrow until a saver makes a matched withdrawal. Match funds are not paid to the saver, but directly to the vendor that provides the eligible asset identified in the savings plan.

Match funds will be forfeited if an account is closed at the discretion of the enrolled saver prior to the completion of the IDA program; or closed by DHCD for failure, without good cause, to meet the minimum savings amount; not fulfilling workshop training requirements; and/or not taking the actions specified in the savings plan that will lead to the asset purchase.

## Program Reporting

Intermediaries are required to provide a monthly report on marketing, recruitment, training and technical assistance activity and any other pertinent program activity to DHCD, including additional information on savers as requested by DHCD. The ***Monthly Report Form*** is posted on-line report is **due by the 10th day** of the following month.

In addition, DHCD typically requests information regarding the services intermediaries provide each fall to be included in an Annual Data Report.

## Process for Making Withdrawals from the Savers' Accounts

**Savers must NOT withdraw funds from their VIDA account directly;** DHCD will withdraw funds on behalf of the saver via the formal withdrawal process discussed below. A direct withdrawal of savings from a participant's IDA will **result in termination from the program.**

Savers never have direct access to the match money, which is kept in a central escrow account by DHCD until the saver is ready to purchase an asset.

There are two types of withdrawals:

- ✓ **Qualified withdrawal**, which is a withdrawal to purchase the asset and involves withdrawing savings and match;
- ✓ **Nonqualified withdrawal**, which is a withdrawal for a specified cash emergency or to withdraw from the program, which involves only withdrawal of the saver's funds

In both processes the saver is to work directly with the Intermediary; it should not be necessary to work directly with DHCD. Under the VIDA program, savers may withdraw savings from their custodial account following the process outlined below. As a custodial account, the saver should **never** withdraw funds from their VIDA account directly. Doing this will lead to termination from the program.

### **Qualified Withdrawal Parameters**

In order to make a qualified withdrawal (i.e. purchase the asset) the saver must meet the following parameters:

- ✓ had a VIDA savings account opened **at least six months**;
- ✓ saved regularly (i.e., at least monthly) into that account;
- ✓ successfully completed both the financial literacy and asset specific training
- ✓ have reached their savings goal (i.e., have enough savings that combined with the match money will allow them to purchase the asset)

In addition, the Intermediary will have assisted the saver in locating an appropriate asset to purchase (e.g., a home the saver can afford; a class or classes to develop the saver's earning

potential; equipment needed to start a business) as well as completing any necessary paperwork (e.g., loan application; class registration).

### **Qualified Withdrawal Steps**

1. When the saver is ready to purchase the asset, the intermediary should first ensure that all the above conditions have been met;
2. Please call DHCD VIDA staff to alert them that a saver is ready to purchase their asset.
3. Help the saver complete the entirety of the ***Qualified Withdrawal Request Form*** (accessible at [www.dhcd.virginia.gov](http://www.dhcd.virginia.gov)). All the information is necessary and incomplete forms cause delays in processing and can lead to delays in the saver's transaction;
4. Ensure that the saver has included the following back-up documentation necessary for that specific type of asset purchase; this is discussed in more detail later in this section
5. In many cases, particularly with business asset purchases, DHCD will also need a Form W-9 completed and signed by the vendor before any payment can be processed. This form can be found on the IRS website at [www.irs.gov](http://www.irs.gov).
6. Send the completed form to DHCD to the VIDA program's attention or fax at (804) 371-7093 to expedite processing. In addition to having all questions answered, be sure the form has both your signature and the saver's signature. The saver's signature on ***Qualified Withdrawal Request Form*** is acceptable proof to the bank of the saver's consent to withdraw funds from their custodial account to pay the vendor for the asset.
7. No later than 30 days after the transaction **the intermediary MUST provide DHCD with proof of purchase from the saver.** This documentation must be provided to DHCD before DHCD will provide administrative funds to the intermediary (paid per graduate).

### **Proof of Cost of Asset Purchase**

The intermediary **must** provide evidence of the cost of the asset to DHCD along with the ***Qualified Withdrawal Request Form***. A ***Qualified Withdrawal Request Form*** should not be sent to DHCD by the Intermediary **until** this proof is received. This proof is based on the asset purchase and discussed on the next page. Typically, the saver provides this information to the intermediary. The saver should keep the originals and supply the intermediary with a copy. You should keep a copy with the savers files as well as including a copy with the ***Qualified Withdrawal Request Form***.

- ✓ **Homeownership:** Preliminary HUD-1 that lists VIDA as a source of funding.
- ✓ **Business Development:** Itemized bill, invoice, catalog or other price listing with the VIDA items circled or highlighted; the items **MUST** be specifically outlined in the ***Qualified Business Plan*** along with a discussion of the use of the items; DHCD will not

process matched withdrawal requests to buy services, inventory or equipment that are not specifically discussed in the business plan.

### **Timeframe for Receipt and Processing of the Request**

DHCD must have **at least five business days to process the request**. DHCD will withdraw the saver's deposited funds from their account and add the appropriate match funds earned to directly pay the vendor for the asset. It will be sent to the vendor's address provided on the *Qualified Withdrawal Request Form*.

The process from the time DHCD receives the request form to the time that a vendor check is issued, should take about five business days, in addition to the time it takes to mail the check to the vendor. Please be sure that the saver is aware of these timeframe and work with them to plan accordingly.

### **Termination of the Purchase**

If the purchase of the asset is terminated or the amount of VIDA funds necessary is reduced and the vendor issues a refund, **the entire refund must returned to DHCD**. DHCD will return the saver's contribution. If this is going to happen the Intermediary should contact DHCD VIDA staff immediately. Savers purchasing homes should review the guidelines outlined within the **Eligible Uses of Funds** section.

### **Proof of Asset Purchase**

As outlined on in Step 6 of the Qualified Withdrawal Request process the **intermediary MUST provide DHCD with proof of purchase from the saver within 30 days** after the purchase of the asset. This proof is based on the asset purchase and discussed on the next page. Typically, the saver provides this information to the intermediary. The saver should keep the originals and



supply the intermediary with a copy. You should keep a copy with the savers files as well as send one to DHCD within 30 days of the asset purchase.

This documentation must be provided to DHCD before DHCD will provide administrative funds to the intermediary (paid per graduate). This proof is based on the asset purchase and discussed below.

- ✓ **Homeownership:** Final HUD-1 that lists VIDA as a source of funding.
- ✓ **Business Development:** Itemized bill, invoice, with the VIDA items circled or highlighted marked paid.

### **Emergency Nonqualified Withdrawals**

Some savers have **cash emergency** situations arise while in the program and may seek to withdraw some or all of their savings from the custodial account (savers never have access to the match funds). The enrolled saver may access only the funds which they have deposited into their custodial savings account.

Intermediaries should consider emergency withdrawals on a case-by-case basis and **only** for the following reasons:

- ✓ medical care,
- ✓ for payments necessary to prevent eviction, or
- ✓ for the saver to use to meet living expenses following loss of employment.

Such a withdrawal hinders the chances of the saver meeting their savings goal, and experience has shown that it is rare that savers who make emergency withdrawals go on to complete the program and purchase an asset. Intermediaries should first work with the saver to find resources other than savings to address this temporary situation. An example might be encouraging a saver to use the local food bank rather than dip into savings if they believe they will not have enough money to purchase groceries. The role of the intermediary is to the best extent help the saver brainstorm and explore options other than savings to address cash emergencies.

The saver will have five months to redeposit into their account the amount of the emergency withdrawal. In such cases, the Intermediary should counsel the saver on the impact that such a withdrawal can have on them reaching their savings goal and help the saver develop a plan to replace the funds as soon as possible.

If there is no other solution but to use savings, the saver should complete the ***Nonqualified Withdrawal Request Form*** (accessible at [www.dhcd.virginia.gov](http://www.dhcd.virginia.gov)). The saver's signature on the ***Nonqualified Withdrawal Request Form*** is acceptable proof to the bank of the saver's consent

to withdraw funds from the custodial account or to close the account. In cases where the saver withdraws all savings from the custodial account, DHCD will withdraw them from the program. Please call DHCD VIDA staff to alert them of the need to make an emergency withdrawal and send the form to DHCD immediately. This form may be faxed to DHCD to the VIDA program's attention at (804) 371-7093 to expedite processing. **DHCD must have at least five business days to process the request.**

The saver's funds will be returned in the form of a check made payable to the saver. DHCD will send it to the address provided on the Nonqualified Withdrawal Request Form. The process, from the time DHCD receives the request form to the time that DHCD mails the money order should take about five (5) business days in addition to the time it takes to mail the money order.

## Program Files

Records **MUST** be on file at the Intermediary's office to demonstrate compliance with all grant requirements. **DHCD requires that records are maintained for a minimum of six years from the saver's asset purchase.**

### **Enrolled Saver Files**

Every enrolled saver **MUST** have a file with the following information:

- ✓ Documentation certifying that client is eligible to participate in the VIDA program; the specific required documentation is outlined in **Candidate Eligibility and Enrollment** and copies of all the appropriate materials for each eligibility measure must be documented
- ✓ Savings Plan and Budget
- ✓ Other Asset Specific Documentation such as the Business Plan/Checklist; Education Plan
  - Documentation that **all** training was completed; in cases where the intermediary does not provide the training directly, they must receive proof from the saver of successful completion of the course work.
- ✓ Documentation that counseling and technical assistance was provided (including date of assistance, amount of time spent, and a summary of topics discussed)
- ✓ Copies of all Qualified Withdrawal and Non-qualified Withdrawal forms
- ✓ Documentation of the cost of the asset
- ✓ Documentation that the asset has been purchased as specified on the *Qualified Withdrawal Form*

## Monitoring and Performance Review

Monitoring and performance reviews of intermediaries are scheduled and conducted by the VIDA program administrator. Both activities are covered under one visit.

Monitoring/Performance Reviews will be scheduled at least annually or more often at the discretion of the VIDA Program Administrator.

At the site visit, DHCD will review all files and records for each saver enrolled within the program looking for the documentation described under the **Enrolled Saver Files** section above. Enrolled savers include active, withdrawn/terminated and graduated savers.

### **Monitoring and Findings Letters**

The intent of monitoring is to ensure that all intermediaries are adhering to the grant's eligibility criteria so that DHCD as the grantee is in compliance with the program policies. Monitoring consists of verifying that the proper documentation described in the previous section **Enrolled Saver Files** is in the files and supports the Intermediary's eligibility decisions; training completion; documentation of the asset purchase cost and that the purchase was completed; and other asset specific documentation.

If documentation is missing, DHCD will issue a *finding letter* explaining what is missing and what is needed to make the saver's file complete. The Intermediary will be given a specified timeframe in which to address the issues identified by DHCD. If resolved (i.e., missing paperwork is supplied) prior to the end of the timeframe, the issue will be considered resolved to DHCD's satisfaction.

If DHCD requires any changes to record keeping, financial management, or other procedures, these changes will be noted in the letter and actions will be suggested to make corrections. DHCD may require repayment of any matching funds paid on the savers behalf if the documentation cannot be found. DHCD reserves the right to cancel its contract with the organization and the organization will no longer be considered a VIDA Intermediary.

### **Performance Review**

The intent of the performance review is to determine that all Intermediaries are implementing the program to its fullest to maximize the outcome of the enrolled savers. Performance review consists of DHCD's assessment of how well an organization is serving as an Intermediary in terms of the benchmarks outlined in their application and contract with DHCD. DHCD will review the Intermediary's benchmark plan comparing current performance to what was proposed. DHCD will also review a sample of *Savings Plans* for content and value as well as to determine how

well individual savers are doing with regard to meeting benchmarks they agreed to in their *Savings Plan*. DHCD will also review training material as well as marketing material. DHCD will also discuss any issues or concerns the Intermediary has about its performance.

DHCD will provide a final letter to the organization's authorized official, which will summarize the evaluation of performance as compared to the benchmarks outlined in the application and contract. Recommend actions to improve performance will be outlined that should be addressed within the specific timeframe if one is noted in the letter.

Chronic failure to meet contractual benchmarks may result in DHCD canceling its contract with the organization and the organization will no longer be considered a VIDA Intermediary.

## Requesting Administrative Funds from DHCD

### When to Request Funds

DHCD will pay intermediaries administration and training funds of \$600 per saver based **on completion of an asset purchase and receipt of documentation showing the asset transaction was completed**. In addition, the intermediary must have updated the saver's profile in *VOMS* to show when financial literacy and asset specific training were completed for the saver in order to receive payment.

Intermediaries may request administration and training funds for a saver with completion of the **first transaction if the saver will have multiple transactions** before they have graduated from the program. For example, an education saver might plan to use their VIDA funds to pay for two semesters of tuition. The Intermediary does not have to wait until VIDA funds are used for the second semester's tuition. The intermediary may request the \$600 in administration and training funds as soon as the proof of purchase documentation has been received.

### How to Request Funds

VIDA administrative funds will be made available only after receipt of a W-9 form, signed and notarized contract and a signed Certification of Signatures and Address form have been completed by the Intermediary. Payments to intermediaries will be made by the Treasurer of Virginia on receipt of a VIDA accounting *Voucher Draw Request Form* (accessible at [www.dhcd.virginia.gov](http://www.dhcd.virginia.gov)) that has been approved and processed by DHCD.

Only individuals duly certified by the Intermediary as authorized to draw funds will be allowed to sign a VIDA draw requests. Likewise, payments will be sent only to the address certified by the intermediary. All VIDA draw requests will be checked against the Certified Signatures form

and the Federal Identification Number (FIN). All payment requests must have a federal identification number (FIN) or they cannot be processed.

**DHCD recommends allowing at least 30 days for receipt of payment.** The 30 days includes approval and processing by DHCD, processing by the DHCD Accounting Office, up to 10 days processing by the Virginia Department of Accounts and the Treasury of Virginia, and postal time.

VIDA draw request information is acceptable typed or handwritten, provided it is legible. All required information must be filled in correctly per the format requirements.

All VIDA intermediaries will be added to the state's electronic transfer system. Therefore, all funds requested will be received via electronic transfer from the Department of the Treasury. You will need to advise your accounting department about these procedures.

# Asset Specific Guidelines

# Homeownership Guidelines

Homeownership is by far the most popular asset goal in Virginia and across the country. However, with tighter credit that has resulted from the 2008 housing crisis, it has become increasingly difficult to be qualified for a mortgage. It is extremely important for intermediaries to critically assess the ability of a candidate to be in a position to qualify for a mortgage by the end of the two year participation. DHCD looks to intermediaries to exercise their professional judgment and recommend a different course of action to a candidate who won't be sufficiently credit ready for a loan. DHCD wants to make the savings accounts available to clients who will be able with some certitude to get a home loan and access the match at the end of two years.

## Key Definitions

**First-time homebuyer:** An individual (and, if married, the individual's spouse) who has no present ownership interest in a principal residence during the **three-year period** ending on the date of acquisition of the principal residence.

**Qualified acquisition costs:** The costs of acquiring a principal residence and include any usual or reasonable settlement, financing, or other closing costs, **which must be incurred** at loan closing.

**Qualified residence:** A single-family dwelling (attached or detached) located within Virginia, designed for residential use and located in an area consistent with such use and intended for owner occupancy. This includes single-family units within multi-family properties such as condominiums, cooperatives units, or manufactured housing that is permanently affixed to a foundation per local code.

## Program Requirements

Participants must be eligible for a mortgage or home loan by the time of graduation. When working with individuals who are not US citizens or permanent residents, please be aware that it may be difficult to secure a home loan for this individual and discuss options with them.

In addition to the general program requirements for VIDA (screening, eligibility, training, etc.), first-time homebuyers must also complete:

- ✓ Pre-qualification tool (on-line)

Participants must purchase a principal residence of which the costs cannot exceed 120% of the average area purchase price applicable to such residence. The funds can only be used for

qualified acquisition costs with respect to a principal residence referring to costs of acquiring, constructing, or reconstructing the residence.

### **Eligible Uses of Funds**

Matching funds and personal savings for home ownership must be used for the down-payment or for the **qualified acquisition costs** of purchasing a home. The total qualified acquisition costs do not exceed 120 percent of the average area purchase price applicable for the Virginia-based residence. This definition is included to protect the saver from fraudulent or discriminatory lending.

While a variety of items are qualified acquisition costs, the **best use of VIDA funds is as the down payment**. Most of the items below are one-time transactions that have little or no impact on the size of monthly mortgage payments. Using VIDA funds for a down payment allows savers to triple the impact of their funds on the size of the mortgage and mortgage payment.

<b>Qualified Acquisition Costs (Must be incurred at closing)</b>	<b>Non-qualified Costs</b>
Down payment	Earnest money deposits
Closing costs	Furniture purchases
Settlement charges	Appliances or fixtures
Attorney fees	Rehab or repair to the property
Title insurance fees	Mortgage payments (regular monthly)
Appraisal fees	Any cost NOT incurred at the time of closing
Inspector's fees	Appraisal or inspection fees paid for outside of closing
Principle curtailment (within 60 days closing)	

Savers often combine many sources of financial assistance in addition to VIDA funds and it is important to use all funds strategically so that VIDA funds can be used at the closing.

A first-time homebuyer is an individual who has not **purchased** nor **owned** a home within the last consecutive three years. The home purchased must be located within the state of Virginia.



Match will be available at an 8:1 ratio, with a cap of \$4,000 per individual and a maximum of two individual participants per household.

### **Homeownership Asset-Specific Training**

Every enrolled saver is required to successfully complete **training related to their asset goal**. The Intermediary should provide the required training or partner with an organization that can provide the required training. In cases where the Intermediary does not provide the training directly, they must receive proof from the saver of successful completion of the course work.

Savers pursuing homeownership must receive **at least 6 hours** of home ownership training to include such topics as:

- ✓ qualifying for a mortgage
- ✓ mortgage financing
- ✓ affordable housing opportunities
- ✓ finding and selecting a home
- ✓ options
- ✓ loan closing
- ✓ post-purchase success

The majority of intermediaries that support the homeownership asset goal use VHDA's homeownership education for their savers to meet this asset specific training requirement.

Below is a link to the VHDA site.

. <http://www.vhda.com/Homebuyers/HomeownershipEdu/Pages/HomeownershipEdu.aspx>

## Business Development Guidelines

Starting a small business can be an excellent path for economic self-sufficiency, and VIDA can be a great way to build equity in such a venture. However, intermediaries that offer business development to their savers **must ensure** that savers have access to a variety of business planning services, including access to capital (lending), and are equipped with adequate **business counseling** that will ensure the success of the small business.

### Key Definitions

**Qualified business:** Any Virginia-based (located within the state) business that does not contravene any law or public policy. This includes start-ups as well as expansion of an existing business.

**Qualified business plan:** a business plan based on the ***VIDA Business Plan Checklist*** that has been reviewed by a Virginia microenterprise development organization; a Virginia Chapter of Score, or a Virginia Small Business Development Center.

**Qualified expenditures:** Costs of items needed to expand or start the business and are **included in a qualified business plan**, specifically equipment, and inventory expenses. VIDA can only be used for items discussed in the ***qualified business plan***

### Program Requirements

In addition to the general program requirements for VIDA (screening, eligibility, training, etc.), **savers with an existing business** that will use VIDA funds to expand the business must submit a qualified business plan with supporting financial documents.

### Eligible Uses of Funds

VIDA funds for business development may be used to start-up or expand a Virginia-based business or self-employment venture for the saver and may be used in conjunction with other

sources of funds, including loan funds. Under VIDA, qualified expenses include business inventory and equipment purchases and must be discussed in the business plan.

<b>Qualified expenses for business savers:</b>	<b>Non-qualified expenses for business savers:</b>
Ad design – initial set-up and development	Deposits for utilities
Ecommerce or website development	Insurance, rents, re-occurring expenses
Inventory- example; tangible products used to carry out the daily operations of the business	Working capital – example; payroll
Equipment – machinery or other devices necessary for daily operation of the business	

### **Business Development Asset-Specific Training**

Every enrolled saver is required to successfully complete **training related to their asset goal**. The Intermediary should provide the required training or partner with an organization that can provide the required training. In cases where the Intermediary does not provide the training directly, they must receive proof from the saver of successful completion of the course work.

Savers pursuing business development must receive **at least 6 hours** in relevant small-business training programs provided through a Virginia Small Business Development Center, a SCORE program or micro-enterprise development program. The outcome of training should be the

development of a business plan based on the ***VIDA Business Plan Checklist*** (online). It must include such topics as:

- ✓ legal structure selection,
- ✓ estimated start-up costs,
- ✓ market research,
- ✓ marketing,
- ✓ insurance needs,
- ✓ financial projections, taxation, etc.

### **Business Plan Components**

The business plan must include meaningful discussion and relevant information on the following:

- ✓ Business Description
- ✓ Owners and Employees
- ✓ Industry Profile
- ✓ Competitive Analysis
- ✓ Demographics and Target Markets
- ✓ Products and/or Services
- ✓ Pricing Strategy
- ✓ Marketing and Promotions Plan
- ✓ Operations Plan
- ✓ Financial Plan with Profit and Loss calculations; Cash Flow analysis

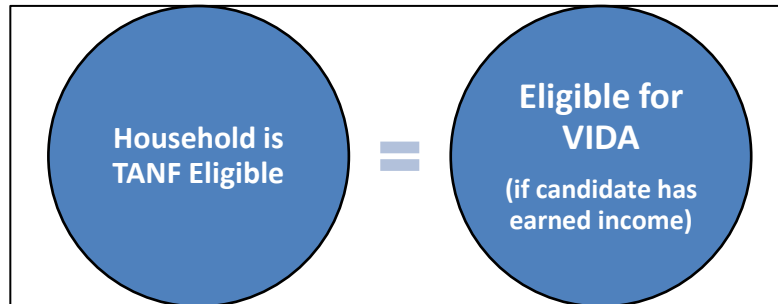
The ***VIDA Business Plan Check List*** is for you to use with clients to be sure that all the topics are covered. The business plan **must include** a list of the desired equipment and inventory the saver plans **to purchase with VIDA funds**. This can be discussed under the **Operations Plan** section of the plan. The business plan should justify the need for the purchase of this inventory/equipment. The plan does **not** have to be long, but it should address these topics.

At least two weeks prior to the saver submitting a Qualified Withdrawal form for the first time, you must request and review their business plan to be sure it includes all the items on the ***VIDA Business Plan Checklist*** in a *meaningful* way. If pieces are missing or the answers are vague or incomplete please return it to the saver to update. Be sure that you see in the plan a discussion or list of the items to be purchased through VIDA. Once the document is complete, you must forward the business plan to DHCD. DHCD may request additional details prior to processing the match request. DHCD will not process qualified withdrawal requests based on incomplete business plans. VIDA funds must not be used for illegal and/or fraudulent businesses.

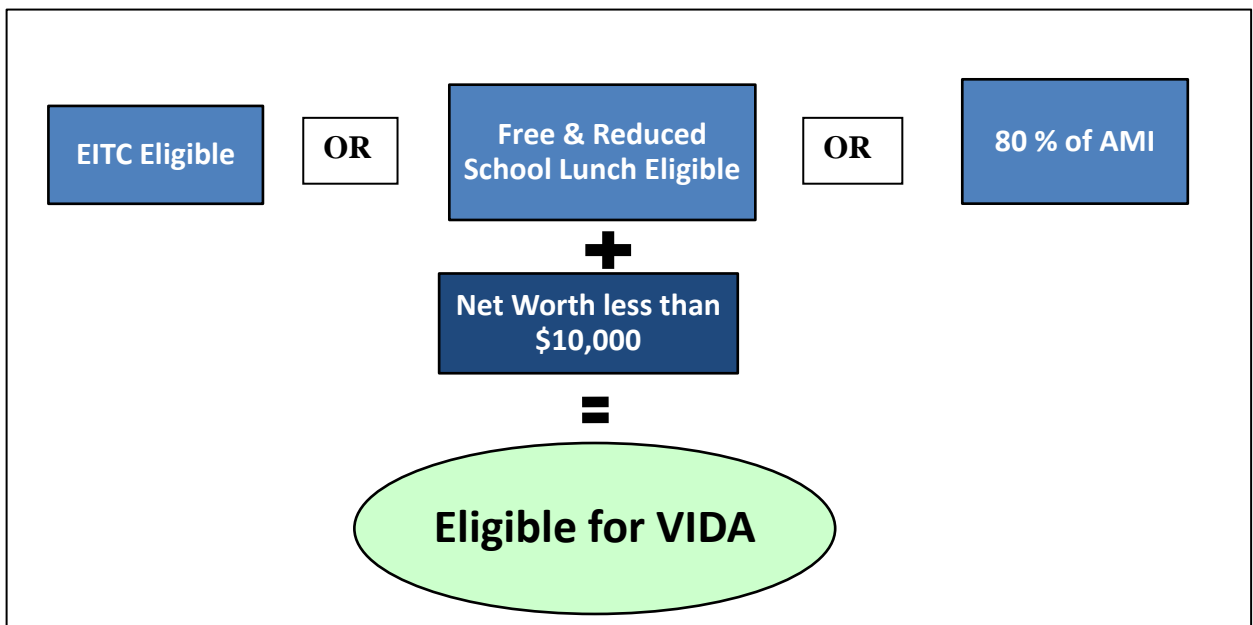
## Appendix A: Participant Eligibility Diagrams

You may use these diagrams to help explain the household income and net worth eligibility to candidates. Remember that in order to be eligible a candidate must also be:

- ✓ 18 years of age or older; and
- ✓ A U.S. citizen or legal resident; and
- ✓ Have earned income



**OR**



## Appendix B: VIDA Household Income and Net Worth Calculator

The *Calculator* is a formatted in **Excel** Worksheet that is populated with formulas to automatically calculate sub-totals and grand totals based on information for all members of the household. Income eligibility is based on household size. In order for the *Calculator* to be accurate you **must** include **ALL** members of the household including the candidate and all others **whether they are employed or not** (e.g., children) when asked for the total number of persons living in the household in *Calculator*.

Once income and net worth information are finalized by the candidate on the *Candidate Application*, you will enter it into the *Calculator*. The chart below shows where data from the *Candidate Application* should be entered in the *Calculator*. Once the *Calculator* is populated, then print and have the candidate sign to certify that they have provided you with complete and accurate information for purposes of determining their VIDA eligibility. You will send this signed sheet to DHCD with the other application materials discussed later in this manual as proof of income and net worth eligibility.

**DO NOT** use the *VIDA On-line Management System (VOMS)* to determine eligibility. You must use the *Calculator* to determine that the calculations are correct; only then should you enter this information into the on-line portal. You are NOT able to save information in the portal to

complete or correct an application at another time. How to use **VOMS** is discussed in a separate manual.

Information from Candidate Application Section	Goes Into <i>Calculator</i> Section
<b>C.4. Employment Income -Taxes filed</b>	<b>Section A.</b> Use Adjusted Gross Income (AGI), this includes both employment & non-employment income, so do NOT complete Section C. of the <i>Calculator</i> .
<b>C.4. Employment Income –Taxes NOT filed</b>	<b>Section B.</b>
<b>C.5 Non-employment Income</b>	<b>Section C.</b> Complete ONLY if the household member with non-employment income did NOT file taxes; if taxes have been filed these income sources will be included in the AGI.

## Appendix C: Sample Monthly Saver Statement

# VIDA

Virginia Individual  
Development Accounts

### VIDA Monthly Account Statement

Virginia Saver  
600 East Main Street, Suite 300  
Richmond, VA 23219

Account ID: 99999

Enrollment Date: 4/16/2013

Saving End Date: 4/15/2014

Bank Name: BB & T

Savings Goal: Purchase Home

Program: VIDA3

**Intermediary Contact Information:**

Department of Housing and Community Development  
600 East Main Street, Suite 300  
Richmond, VA 23219  
(804) 555-1212

Period Begin Date: 04/1/2014

Period End Date: 4/30/2014

**Account Activity for Period**

(+)Deposits, Interests, and/or Other Credits: \$50.00

(-)Withdrawals, Service fees, Match Payments, and/or Other Debits: \$0.00

**Account Balance: \$1,050.00**

**Account Summary**

Account Balance: \$1,050.00

(+)Matchable Balance: \$1,050.00

(+)Nonmatchable Funds Within Account: \$0.00

(+)Earned Match Funds: \$2,100.00

**(=)Total VIDA Savings: \$3,150.00**

**Statement Notes**

Please Note:

**Summer is coming, but don't take a vacation from saving! Remember to deposit at least \$25 every month to keep your VIDA account in good standing and watch your savings grow!**