Formatted: Left

GRASSROOTS COMMUNITY DEVELOPMENT —INDIVIDUAL DEVELOPMENT ACCOUNTS HOMEOWNERSHIP

A Program of

Grassroots Community Development Corporation

Name Updated 7/9/18 Last updated: 08/22/2017

GRASSROOTS COMMUNITY DEVELOPMENT – INDIVIDUAL DEVELOPMENT ACCOUNTS - HOMEOWNERSHIP

Policies and Procedures

Grassroots Community Development—IDA Homeownership **(GCD-IDA)** is a program of monetary incentives designed to encourage potential homeowners to make safe and informed home purchases after reinforcing savings habits, completing financial literacy and homebuyer education and participating in one-on-one housing counseling.

Program Roles and Agreements

Under the GCD-IDA program, Grassroots Community Development agrees to:

1. Create and administer savings accounts called Individual Development Accounts (IDAs) for low- to moderate-income individuals who are willing and motivated to save;
2. Provide financial literacy and homebuyer education classes, one-on-one housing counseling, and assistance in preparing request for matching funds to IDA participants who are not already receiving counseling at another housing counseling agency.
3. Match personal savings at a ratio of two match dollars for every one dollar of personal funds;
4. Maintain confidentiality regarding participants' personal information unless authorized, in writing, by the participant to release specific information;
5. Store all program data in a locked file cabinet and/or a password-secured computer system to which only authorized program staff will have access.

GCD-IDA participants agree to:

1. Make an initial $100~~25~~ deposit within the first month of enrolling in the GCD-IDA program;
2. Actively participate in the IDA program for a **minimum** of nine months;
3. Complete all financial literacy and homebuyer education classes as prescribed by housing counseling agency;
4. Furnish all documents required for matching funds request;
5. Respect the privacy of all program participants by keeping confidential any personal or financial information divulged in the course of the program;
6. Update personal information in the event of a change of address, phone number, or emergency contact information.

Partner housing counseling agencies agree to:

1. Provide all documents required for enrollment of an IDA participant to Grassroots Community Development
   within one month;
2. Provide all documents required for a request of match funds to Grassroots Community Development with at
   least 72 hours (work week) notice;
3. Communicate important changes in IDA participants' status to Grassroots Community Development in a
   timely manner.

Formatted: Indent: Left: 0.06", Hanging: 0.25", Space After: 6 pt

Program Enrollment

Enrollment in the GCD-IDA program is on a first-come-first-served basis. Potential participants may enroll at Grassroots Community Development and participate in its housing counseling program. Potential participants who are currently receiving counseling at another housing counseling agency may enroll with the help of their housing counselor. Incomplete enrollment forms will be held at Grassroots Community Development for up to one month and then disposed of.

Enrollment will require:
1. Grassroots Community Development intake form indicating an initial estimate of household income under 80% AMI;
2. Completed GCD-IDA Participant Agreement and Beneficiary Designation forms;
3. Copies of valid picture state ID and social security card.

Matching Funds

An IDA participant's savings of up to $~~21~~24,000 will be matched ~~2~~4:1 at house closing upon providing a complete request for match funds as specified in this policy. A participant may not receive more than $~~28~~32,000 in match funds, and match funds are only available for the purchase of a house. An IDA participant must apply for down payment and closing cost assistance from the City of Waco and obtain income qualification before making a request for match funds.

Geographic Eligibility:

GCD-IDA participants must purchase a home within the corporate limits of Waco, Texas to qualify for IDA match funds.

General Eligibility:

- A home purchased under the GCD-IDA program must qualify as a homestead.
- The participant must not own income-producing property as of the closing date for acquisition of a home under the GCD-IDA program. If the participant already owns a home, the proceeds from the sale of that property must be applied to the purchase of a home under the GCD-IDA program.
- An existing home built prior to 1978 and purchased under the GCD-IDA program must pass a visual lead-based paint inspection by the City of Waco.

Financial Eligibility:

- GCD-IDA participants must, at a minimum, meet U.S. Department of Housing and Urban Development eligibility guidelines for the Community Development Block Grant Program.
- A participant's income eligibility is determined by the gross income earned by all adult members of the participant's household. The term "household" means all individuals who share use of a dwelling unit as primary quarters for living and eating.
- Participants must receive earned income. The term "earned income" (as defined in Section 911 (d)(2) of the Internal Revenue Code of 1986) means wages, salaries or professional fees, and other amounts received as compensation for personal services actually rendered.
- In general, the gross income anticipated to be received by all adult household members over the next 12 month period may not exceed 80% of the median income for Waco (adjusted for size of the household). Annual household gross income will be calculated using U.S. Department of Housing and Urban Development's HOME Program methodology as defined in 24CFR Part 5.
- A participant's income eligibility is verified by an approved Anticipated Annual Income form produced during the process of applying for City of Waco down payment and closing cost assistance.

Request of Match Funds:

At least 72 hours (work week) prior to closing, the IDA participant and his/her housing counselor must request matching funds from Grassroots Community Development. After approving a request for match funds, Grassroots Community Development will prepare a check for the participant's savings and a check for the match funds made out to the title company of closing.

A request of match funds will include:
1. Completed Withdraw Request form;
2. Approved Anticipated Annual Income form indicating household income under 80% AMI;
3. Education certificate(s) indicating successful completion of financial literacy and homebuyer education offered by participant's housing counseling agency within the last 12 months..
4. Passing City of Waco lead based paint inspection form for homes built prior to 1978.

Individual Development Accounts (IDAs)

Ownership of Account:

- The account will be opened under the name and social security number of the participant, but Grassroots Community Development will retain custodial responsibility for the account.
- Signatures of both the IDA participant and two authorized Grassroots Community Development representatives are required to make any withdrawal from the account. Neither party may withdraw funds without the other's written consent. However, a participant's account can be closed due to policy violations without his/her written consent.

Account Tracking:

- Grassroots Community Development authorized personnel will monitor participant savings.
- Grassroots Community Development will provide IDA participants and housing counseling agencies will access to information on account activity upon request.

Emergency Withdrawal of Funds:

Emergency withdrawals of personal funds are discouraged but permissible under certain conditions. In the event that a financial emergency arises, to avoid termination from the program, the participant must discuss the emergency situation with an authorized Grassroots Community Development representative and obtain written approval to make an emergency withdrawal.

- Authorization of Withdrawal—to obtain approval for an emergency withdrawal of personal funds, the IDA participant must provide documentation to support the request (eviction notice, foreclosure letter, health bill, etc.) to Grassroots Community Development staff.
- Amount of Withdrawal—Approved emergency withdrawals may be made in any amount as long as a minimum of $~~25~~ 100 is retained to keep the account open.
- Replacement of Withdrawn Funds—Personal funds withdrawn from an IDA must be fully replaced over the next 12 months. During the 12-month replacement period, regularly scheduled monthly deposits must also be made.
- Emergency Withdrawal Alternatives—In the event that a participant applies to make an emergency withdrawal and the request is denied, the participant may choose:
  - Not to make a withdrawal and continue participating in the IDA program as before.
  - To withdraw from the program and receive a full refund of all IDA deposits and interest, but jeopardize any possibility of future program participation.
- Emergency Withdrawal Uses—Emergency withdrawals will be approved only for the following purposes:
  - To prevent or forestall eviction of the participant or the participant's family from current housing;
  - To pay for critical health care services for the participant or a member of the participant's family;
  - To pay for critical living expenses (such as food, water, or electricity) following participant's loss of employment;
  - Other circumstances approved by Grassroots Community Development staff

Termination of Participation

Participants may elect to withdraw from the GCD-IDA program at any time and receive a full refund of IDA savings and interest. Participants may be terminated from the GCD-IDA program for the following reasons:

- Failure to sustain active progress towards homeownership as demonstrated by completing financial education and participating in housing counseling within two years of enrolling in the GCD-IDA program
- More than one emergency withdrawal
- Withdrawal of savings to prevent foreclosure on the participant's current residence
- Other violations of this agreement as identified by the GCD-IDA Advisory Committee and Grassroots Community Development

If terminated, the participant will receive a written notice of removal from the program and a check for the balance of the participant's savings will be made out to the participant and mailed to his/her address provided on the Grassroots Community Development intake form.

Policy Changes

Grassroots Community Development reserves the right to make changes to this policy as called for with approval from the City of Waco Department of Housing and Economic Development. In the event of a policy change, Grassroots Community Development will notify participants of said change. If a participant is pursuing homeownership through a housing agency, Grassroots Community Development will notify the agency of the policy change. If the participant is not pursuing homeownership through a housing agency, Grassroots Community Development will notify the participant individually.