

## **Virginia Individual Development Accounts Program** ***Agreement between DHCD and Saver***

The following agreement is between \_\_\_\_\_, referred to from this point as “Saver”; and The Virginia Department of Housing and Community Development, referred to from this point as “Custodian” and is made on this date of \_\_\_\_\_.

If I am accepted into the VIDA program, I \_\_\_\_\_ hereby give permission to the Virginia Department of Housing and Community Development to open a joint bank account in my name for the sole purpose of participation in the program.

### **In addition, I understand that:**

The Saver must submit the following to their intermediary in order for the Custodian to open the custodial account on their behalf:

- a \$25.00 initial deposit in the form of a money order or check
- a copy of identification; which must be a pictured-government issued identification which shows the Saver’s signature on it, such as a driver’s license
- a signed copy of the Summary Sheet of the Income and Net worth Calculator as proof the Saver’s household income and net worth are complete and accurate and the candidate is eligible, and
- the last page of a completed *Candidate Application* form

The Saver will work with the *intermediary to develop* a Savings Plan that establishes specific dates during the timeframe by which the Saver will work to meet key benchmarks related to debt reduction; regular savings; training completion; deposit of EITC; selecting and “purchasing” the asset.

The Saver will participate in monthly follow-ups and coaching sessions with the intermediary to review savings progress and to discuss any issues that are occurring that would keep the Saver from purchasing their home.

The Saver must complete financial literacy training and asset-specific training through the local VIDA intermediary to be eligible to receive any match funds. The financial education will cover such topics as financial management, budget and credit repair, loan development, and personal financial planning (i.e. savings and investments, insurance, wills, and tax planning). Asset-specific training will include homebuyer education.

**The Saver must use direct deposit to save a minimum of \$25 per month.** Information for setting up direct deposit to the account can be found within the welcome package. Once the saver is accepted into the program, the intermediary will receive the welcome package information.

If the minimum savings amount is missed three consecutive months, the Custodian has the right to terminate the Saver's participation in the program. The Saver will forfeit any match funds.

Custodial accounts will be held with the Saver's selected financial institution, a registered Federal Deposit Insurance Corporation that has agreed to be a financial partner with the VIDA program. The selected financial partner (or bank) has agreed to waive their standard minimum balance requirements and all account fees for a period of one year from the date the account is opened. At the end of one year, the Saver must maintain a \$300 minimum balance in order to avoid monthly fees. If the Saver's account falls below this minimum balance after one year, the Saver will be subject to service fees.

All monies deposited into the account by the Saver must be from earned income (as defined by the program) or from their federal tax refunds.

All monies in the custodial account, including interest earned, will belong to the Saver. The Saver **never receives** match funds. Match is held in escrow and paid directly to the vendor at the time of asset purchase.

The custodial account must be utilized by the Saver for the sole purpose of participation in the VIDA program, such that only earned income from direct deposits and tax refunds will be deposited in the account.

Withdrawal of funds for any purpose requires the official signature of the Custodian. The Saver will work through the intermediary and follow all program procedures to request withdrawals from the savings account. The Custodian will initiate withdrawals from the custodial account on behalf of the Saver. Unauthorized withdrawals or transfers from the custodial account by the Saver will result in termination from the program and forfeiture of match funds.

Emergency or non-qualified (only savings, no match) withdrawals are considered on a case-by-case basis for medical care, for payments necessary to prevent eviction, or for the saver to use to meet living expenses following loss of employment. In the case of an emergency withdrawal, the enrolled saver may access only the funds which they have deposited into the account. No match funds will be available. The saver will have five months to repay an emergency withdrawal from their VIDA account. If funds are not returned to the Saver's custodial account within that period, the Custodian reserves the right to terminate the Saver from the program. The Saver will forfeit match funds.

Qualified withdrawals (asset purchase, match and savings) can only be made upon completion of all training and **after monthly deposits have been made for a minimum of six months.**

Match must be used at the time of asset purchase. No matching funds will be provided after the fact if the asset purchase occurred without the knowledge of the Custodian.

After payment is issued to the vendor, if the purchase is terminated and the vendor issues a refund, the entire refund must be returned to the Custodian. The Custodian will return the Saver's contribution to the Saver.

Upon completion of an asset purchase, the Saver will provide proof of purchase of the asset to the intermediary no later than 30 days from the date of the purchase. Failure to do so may result in termination and no further qualified withdrawals will be allowed until such proof has been provided to the intermediary. VIDA match payments without adequate documentation regarding an asset purchase may be subject to repayment by the Saver.

The Saver shall keep the intermediary informed of any change of address or other contact information. Should the intermediary or the Custodian have any correspondence returned by the Post Office because of a change of address with no forwarding address, the savings balances will be deemed unclaimed property and be sent to the Treasurer of Virginia's Unclaimed Property Division.

**The Custodian agrees to the following:**

Match funds will be accrued at a ratio of 8:1, for every one dollar deposited by the Saver, the Saver will accrue, at the time of asset purchase, eight dollars in match funds.

The Saver may accrue match funds for savings up to \$500 with the match amount not to exceed \$4,000.

The custodial account will be monitored monthly by the Custodian. Custodial account activity will be reported to the intermediary through monthly statements and the intermediary will provide such to the Saver.

The Custodian makes payment, on behalf of the saver, to an accepted vendor for the purchase of an eligible asset using both match and savings.

The Custodian will forward unclaimed savings balances to the Treasurer of Virginia's Unclaimed Property Division after due diligence in making contact with the Saver.

**The Saver and the Custodian agree to the following:**

If the Saver withdraws from the program, all funds within the custodial account must be withdrawn and returned to the Saver within 30 business days of termination. The Custodian will withdraw all funds from the custodial account and return them to the Saver.

If the Saver requests a withdrawal of all funds from the custodial account, prior to making an asset purchase, the Saver will be withdrawn from the program.

If the Saver dies while their VIDA custodial account is active, this trust agreement will no longer be in effect. In this circumstance, the distribution of savings will be distributed to the following beneficiary:

Beneficiary name:	_____
	(Print)
Beneficiary social security number:	_____
Relationship to saver:	_____
Beneficiary mailing address:	_____
	_____
	_____
Beneficiary telephone number:	_____

The following signatures attest that the parties, the Saver and the Custodian, commit to the terms as defined in this document and expect terms to be implemented as of the date stated in the first paragraph of this agreement.

\_\_\_\_\_  
Saver's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
DHCD Custodian's Signature

\_\_\_\_\_  
Date