

# **Virginia Individual Development Accounts (VIDA) Program**

## **Intermediary Program Manual**

Revised June 2024

Please destroy all other versions of this document



*This program is administered by the Virginia Department of Housing and Community Development and receives funding from Virginia Housing.*

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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 (VH)

**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, such as homeownership, and results in community economic development impact through job creation, neighborhood stabilization and work force development.

**VIDA Match:** \$10 in match for every \$1 the participant saves from earned income or tax refunds;  
Match cannot exceed \$10,000 per saver; one participant per household

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

**Savings:** At least \$40 monthly, direct deposit into the VIDA account is strongly encouraged, \$100 to open the VIDA account

## 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 social media announcement 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 homebuyer clubs; and 2) word-of-mouth from current and previous clients.

## 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 to be considered eligible for the program.

- ✓ Is the saver **at least 18 years old**?
- ✓ Is the saver a **U.S. citizen**, or legal alien, and a Virginia resident?
- ✓ Does the saver have **earned income**?
- ✓ Is the **household income** within eligibility guidelines?
- ✓ Is the household's **net worth less than \$10,000** at the end of the preceding calendar year?
- ✓ Credit score at enrollment must be 580 or above to start the program.
- ✓ Must meet with a housing counselor prior to enrolling to establish a savings plan which also will determine mortgage readiness.

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.

## **Pre-enrollment Housing Counseling Assistance**

Upon initial intake, the intermediary should review the candidate's financial information and develop an assessment of either mortgage ready or not mortgage ready. The intermediary should take into account the candidate's responses to the eligibility criteria and their overall financial situation. If the intermediary determines the candidate is not mortgage ready, they can either provide the necessary housing counseling to the candidate or request to refer the candidate to DHCD's new pre-enrollment program called Time Well Spent (TW\$).

To refer the candidate to TW\$, the intermediary will need to complete a referral form (located on the website) and submit it to DHCD's VIDA administrator. The VIDA administrator will work with the TW\$ partners to find an opening. TW\$ referrals are on a first come, first served basis.

The Time Well Spent (TW\$) is an opportunity to provide housing counseling and preliminary VIDA program services to a larger client base to prepare them to take advantage of the VIDA program and other down payment assistance programs. TW\$ is in partnership with DHCD and is administered by LISC of Virginia Richmond and Hampton Roads offices along with the Southeastern Regional Community Action Agency (SERCAP) of Roanoke.

The TW\$ assistance, provides necessary housing and financial counseling that so many participants need to become successful within a high-cost housing market. The purpose of TW\$ is to prepare the participant to become financially ready for homeownership through housing counseling services.

TW\$ participants will work with housing counselors on building an emergency savings through budgeting, working on credit issues to build their credit score, and starting to save money towards their VIDA account before enrolling within the program. TW\$ housing counselors will help clients develop a base "financial" foundation which will aid them in getting pre-qualified for a mortgage to purchase their home.

Once the candidate completes working with a TW\$ organization and meets basic eligibility requirements to enroll in VIDA, that candidate will go back to the referring VIDA intermediary to complete the enrollment process.

## **Pre-enrollment Guidelines**

Before enrolling within the VIDA program, a participant must meet requirements regarding their credit score, and employment. VIDA's objective is to increase savings, financial education, and

asset accumulation among participants. To ensure participants start on the correct financial path there must be a solid foundation established regarding their financial outlook.

**Outlined within the chart are the program’s enrollment requirements. Applicants must meet all the requirements below before enrolling within the program:**

| <b>Enrollment Criteria</b>                                                                                  | <b>Applicant Responsibility</b>                                                                                                         | <b>Explanation</b>                                                                                                                                                                        |
|-------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Must be at least 18 years old                                                                               |                                                                                                                                         |                                                                                                                                                                                           |
| Must be a U.S. citizen, or legal resident and a Virginia resident                                           | If legal resident, must provide I9 document to open a bank account                                                                      |                                                                                                                                                                                           |
| Must have earned income                                                                                     | Must document via pay stubs or self-employment documentation                                                                            | Employed full-time for at least three months; two years preferred. Self-employment for at least one year. Must have filed business tax returns for previous year.                         |
| Must have a household net worth less than \$10,000                                                          | Will need to provide documentation                                                                                                      | Use the networth calculator to determine                                                                                                                                                  |
| Must have a household income within eligibility guidelines                                                  | 80% of AMI or lower                                                                                                                     | Income guideline chart is on the website                                                                                                                                                  |
| Must have a credit score of at least 580                                                                    | Minimum score of 580                                                                                                                    | Most lenders require a credit score of 640. Participants entering the program below a 640 must have a plan to increase their score within the 24-month timeframe.                         |
| Must meet with a HUD certified housing counselor to determine mortgage readiness and develop a savings plan | Meet with a HUD certified counselor to develop a budget and determine mortgage readiness based on overall financial and credit outlook. | VIDA intermediary will attach results to applicant’s application. Information must show a clear financial path towards mortgage readiness. Saving plan template available on the website. |
| Savings                                                                                                     | Open the VIDA account with \$100; must make \$40 deposits per month within the account                                                  |                                                                                                                                                                                           |

## **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.

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

For U.S. citizens:

- ✓ Clear and readable copy of a valid Virginia Driver's license; or
- ✓ Other valid government picture identification and another form showing proof of Virginia residency

For legal aliens:

- ✓ Clear and readable copy, front and 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 Virginia 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**

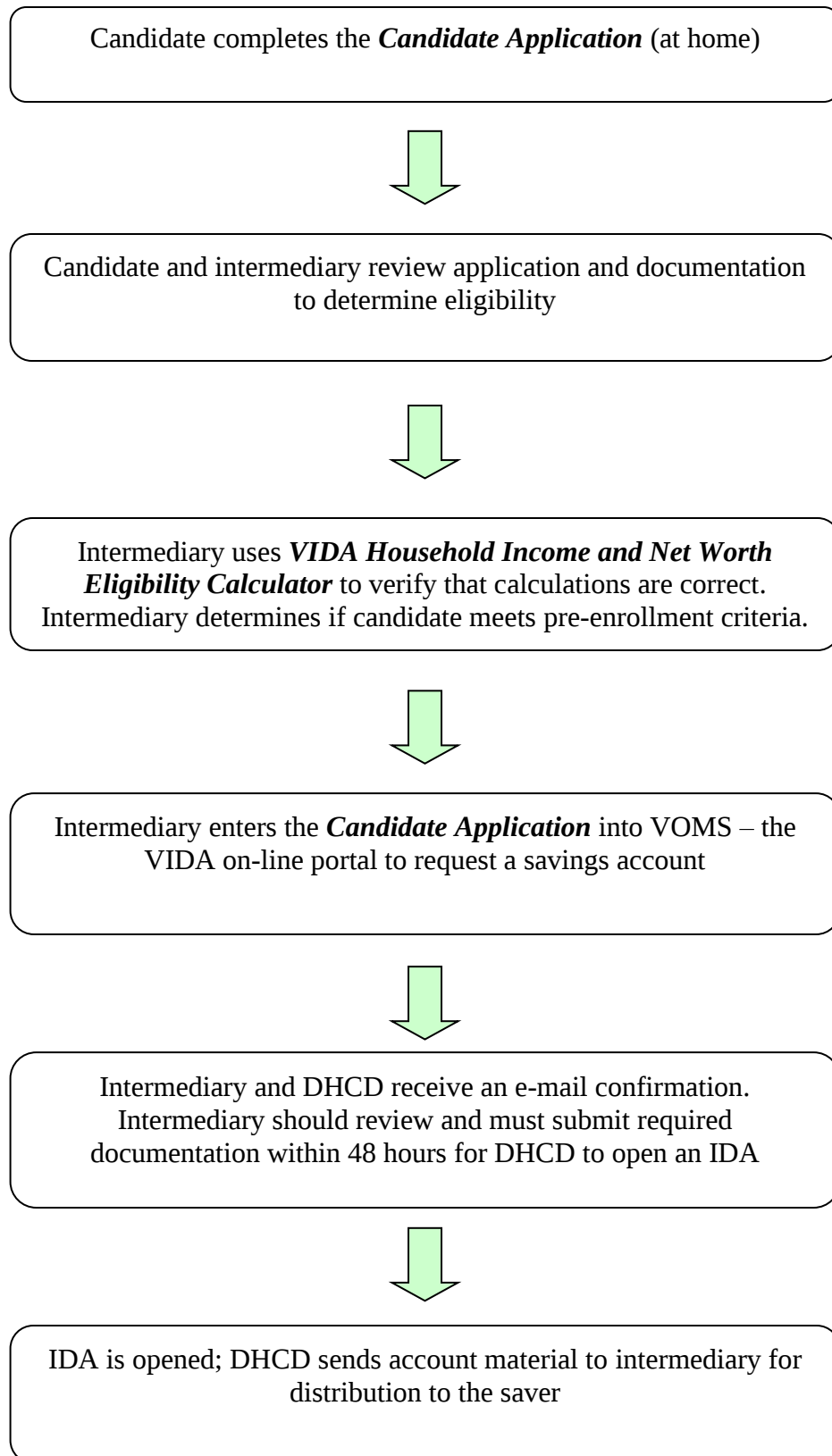
**Documentation** discussed above with them carefully so that they can return with all the documents needed at one time.

The following sections of the manual walk you through the steps you need to complete to be certain 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** 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** – full-time 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 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).

| 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 |

#### **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.

### **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 the Appendix regarding 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.

You **do not** need them to complete all the information regarding 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.

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

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<br>Include Income From the Following:              | The Net Worth Chart<br>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 MUST 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 purchase their home 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. Enrolled participants are strongly encouraged to layer other down payment assistance (DPA) programs to help make their home purchase more affordable. The following list of DPA should be researched as additional sources of funding:

### **Leveraged Funding/Other Funding Sources:**

- DHCD Down Payment Assistance [dhcd.virginia.gov](http://dhcd.virginia.gov)
- DHCD Acquire Renovate Sell (ARS) [dhcd.virginia.gov](http://dhcd.virginia.gov)
- Virginia Housing DPA [virginiahousing.com](http://virginiahousing.com)
- Virginia Housing SPARC [virginiahousing.com](http://virginiahousing.com)
- Federal Home Loan Bank (FHLB) Programs [fhfa.gov](http://fhfa.gov)
- USDA assistance programs [usda.gov](http://usda.gov)
- Freddie Mac and Fannie Mae assistance [freddiemac.com](http://freddiemac.com) and [fanniemae.com](http://fanniemae.com)

**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 \$100 cashier's check or money order. **The \$100 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 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 their home.

As a custodial account, funds should not be withdrawn without a saver and intermediary's signatures and a VIDA staff's 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.**

## **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 their homeownership 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 \$100 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 \$100 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.

### **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 \$40 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 candidate to develop a customized ***Savings Plan*** prior to the saver enrolling in the program. 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 home. This document should be reviewed and discussed at your regular meetings and revised as necessary.

Regular contact and positive feedback are the top two activities intermediaries did during the pandemic to help savers stay enrolled 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 home 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.

### **Cash Emergencies**

Intermediaries are expected to help savers to resolve emergencies without using their VIDA savings. Prior to sending an emergency (non-qualified) withdrawal request to DHCD, intermediaries should work with the saver to see if other financial means can resolve the issue. Intermediaries should check to see if there are local charities or other organization who can help before requesting VIDA funds. If no alternative means exist, assist the saver in requesting an emergency withdrawal of the saver's funds following the appropriate procedures. **If an emergency withdrawal is taken, the saver will be withdrawn from the program.** In the case of an emergency withdrawal, the saver may access only the funds deposited into their VIDA account. Match is NOT provided in such cases.

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

### **Assisting with the Home Purchase**

Intermediaries are required to assist savers with their home purchase. To every extent possible, counsel the saver to use a **reputable professionals (ie Realtors, attorneys, inspectors, etc)** for their services. In addition, review the purchase contract and preliminary Closing Disclosure to ensure fair and reasonable treatment of the saver. Should vendors default on the provision of the 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 FOUR months**.

### **Saver Termination**

DHCD will terminate savers:

- 1) Missing three consecutive deposits; or, four payments within a one-year timeframe;
- 2) Unexcused absences from two consecutive monthly meetings with the intermediary (or the intermediary's partner organizations providing VIDA services) without extenuating circumstances
- 3) Refusing to communicate with the intermediary over a 30-day period will result in a warning of termination being sent to the Saver. If the Saver does not contact the intermediary in writing to respond to the termination warning within 15 days of the warning letter date, the Custodian has the right to terminate participation.
- 4) The intermediary should contact DHCD should other issues arise that may lead to termination to include but not limited to: long-term job loss, reduction in income which results in the inability to purchase a home within the saver's 24 months, the saver decides they wish to voluntarily withdraw, or the saver decides to wait to purchase beyond their 24-month timeframe, etc.

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 a

**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.

## Financial Management and Homebuyer 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.

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 to achieve homeownership.

Additional information with regard to the homeownership 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)

## **Homeownership Training**

Every enrolled saver is required to successfully complete **at least 6 hours homebuyer education**. 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.

## **Program Funds**

### **Match Funds**

Savers are limited to a maximum of \$10,000 match from VIDA at a rate of \$10 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 request. 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 regardless of the reason (withdrawal, termination, etc).

## **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.

## 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 their home.

There are two types of withdrawals:

- ✓ **Qualified withdrawal**, which is a withdrawal to purchase their home 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 deposited 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 home) the saver must meet the following parameters:

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

### **Qualified Withdrawal Steps**

1. When the saver is ready to purchase their home, the intermediary should first ensure that all the above conditions have been met;
2. Please contact DHCD VIDA staff to alert them that a saver is ready to purchase their home.
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 purchase transaction;
4. Ensure the saver has included the following back-up documentation necessary for their home purchase; this is discussed in more detail later in this section
5. DHCD will also need a Commonwealth of Virginia W-9 form completed and signed by the attorney or closing agency before any payment can be processed. This form can be found on the DHCD website under the VIDA program.
6. Send the completed form to DHCD to the VIDA staff person's attention. 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 the ***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 home closing.
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 Home Purchase**

The intermediary **must** provide evidence of the pending home purchase 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 home 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 saver's files as well as including a copy with the ***Qualified Withdrawal Request Form***.

- ✓ **Homeownership:** Preliminary Closing Disclosure which includes saver as buyer, address of property, sales price and preliminary amounts for closing.

### **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 (attorney/closing agent) for the home purchase. 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 payment (or wire) is issued, should take about five business days. Please be sure that the saver is aware of these timeframes and work with them to plan accordingly.

### **Termination of the Purchase**

If the home purchase is terminated or the amount of VIDA funds needed is reduced and the vendor issues a refund, **the entire refund must be 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 Home 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 home. This proof is based on the home 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 home 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 home purchase and discussed below.

- ✓ **Homeownership:** Final Closing Disclosure that lists VIDA as a source of funding.

### **Emergency Nonqualified Withdrawals**

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 their home. Intermediaries should first work with the saver to find resources other than their VIDA 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.

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. **DHCD will then withdraw the saver from the program.** **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 DHCD mails the money order or check should take about five (5) business days in addition to the time it takes to mail the funds.

## 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 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
- ✓ 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/or Non-qualified Withdrawal forms
- ✓ Documentation of the home purchase, i.e. closing disclosure
- ✓ Documentation that the home 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 home 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 \$1,000 per saver based **on completion of a home purchase and receipt of final documentation showing the home purchase transaction was completed.** In addition, the intermediary must have updated the saver's profile in **VOMS** to show when financial management and homebuyer education training were completed for the saver in order to receive payment.

### How to Request Funds

VIDA administrative funds will be made available only after receipt of a Commonwealth of Virginia 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 Virginia Department of the Treasury. You will need to advise your accounting department about these procedures.

# Homebuyer Education Guidelines

# Homeownership Guidelines

Homeownership is the American dream. However, with tighter credit scrutiny that has resulted from the latest 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 timeframe. 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 by 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 properties such as condominiums, cooperatives units, or manufactured housing that is permanently affixed to a foundation per local code.

## 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<br/>(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 a 10:1 ratio, with a cap of \$10,000 per individual.

### **Homeownership Training**

Every enrolled saver is required to successfully complete homebuyer education 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, they must receive proof from the saver of successful completion of the course work.

**The homebuyer education must be completed by a HUD approved housing counseling agency.**

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

Some of the intermediaries use VHDA's homeownership education class for their savers to meet this training requirement. The online class is acceptable on a case-by-case basis; however, the in-person class is strongly recommended.

Below is a link to the VHDA site:

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

## Appendix A: 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<br>Candidate Application Section  | Goes Into <i>Calculator</i> Section                                                                                                                                               |
|----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>C.4. Employment Income -Taxes<br/>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<br/>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 B: 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     | Bank Name:    | Truist        |
| Enrollment Date: | 1/16/2024 | Savings Goal: | Purchase Home |
| Saving End Date: | 1/15/2026 | Program:      | VIDA3         |

**Intermediary Contact Information:**

Department of Housing and Community Development  
600 East Main Street, Suite 300  
Richmond, VA 23219  
(804) 999-9999

|                                                                    |  |                             |  |
|--------------------------------------------------------------------|--|-----------------------------|--|
| Period Begin Date: 03/1/2024                                       |  | Period End Date: 03/31/2024 |  |
| 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:                                              |  | \$1,000.00                  |  |
| (+)Nonmatchable Funds Within Account:                              |  | \$50.00                     |  |
| (+)Earned Match Funds:                                             |  | \$10,000.00                 |  |
| (=)Total VIDA Savings:                                             |  | \$10,050.00                 |  |
| Statement Notes                                                    |  |                             |  |

Please Note:

**Summer is coming, but don't take a vacation from saving! Remember to deposit at least \$40 every month to keep your VIDA account in good standing and watch your savings grow!**