

Virginia Individual Development Accounts Program

Agreement between DHCD and Saver

Updated May 2024

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 _____ for the purpose of administering the grant program called the Virginia Individual Development Accounts (VIDA) program. The program is a financial education and down payment assistance program to help eligible Virginians purchase a home.

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 participating in the program.

In addition, I grant the Custodian permission to share necessary information regarding me, my financial situation or application with vendors to enroll or complete my homeownership opportunity within the VIDA program; examples of typical vendors include but are not limited to financial institutions, mortgage lenders, attorneys, and other intermediaries regarding my participation in the program.

I understand that:

The Saver must work with an approved nonprofit organization known as an intermediary to receive VIDA program services. The intermediary will be the Saver’s first point of contact for all inquiries regarding their participation in the program. The Saver must submit the following to their intermediary for the Custodian to open the custodial account on their behalf:

- a \$100 initial deposit in the form of a money order or check
- a copy of identification; which must be a current (not expired) 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
- a Saving Plan form outlining the Saver’s activities towards homeownership

The Saver will work with the *intermediary to develop* a Savings Plan that establishes specific dates during enrollment 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.

Prior to applying to the program, the Saver must have a credit score of at least 580 or more and meet with a HUD certified housing counselor to determine mortgage readiness with the ability to purchase a home within 24 months of enrolling within the program.

The Saver will not be able to enroll within the program if the HUD certified housing counselor determines the Saver is not financially able or ready to become mortgage-ready within the next two years. The Saver (or applicant) should then work on their outlined financial challenges and re-apply to the program.

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.

If the Saver has unexcused absences from two consecutive monthly meetings with the intermediary (or the intermediary's partner organizations providing VIDA services) without extenuating circumstances, the Custodian has the right to terminate the Saver's participation in the program.

The Saver must complete financial management and asset-specific (or homebuyer education) 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 \$40 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 and an account is opened, the intermediary will receive the welcome package information.

If the minimum savings amount is missed three consecutive months or four deposits of the minimum savings amount within one-year, 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 Wells Fargo Bank, which is registered with the Federal Deposit Insurance Corporation. The bank has agreed to be a financial partner with the VIDA program. Wells Fargo 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 Custodian cannot guarantee interest will be earned on the account. The Saver **never receives** match funds. Match is held in escrow and paid directly to the vendor (closing agent or closing attorney) 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. Any type of withdrawal (authorized or unauthorized) or a transfer (such as an account debit) from the custodial account by the Saver will result in termination from the program and forfeiture of match funds.

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 Custodian reserves the right to terminate the Saver from the program after the withdrawal. 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 four months.

The Saver must work with the intermediary to provide the necessary home purchase documentation at least twenty days prior to the Saver's home close date. The intermediary needs time to review and forward the documents to the Custodian. The Custodian will need at least ten business days to issue payment to the Saver's selected vendor, this is after receiving a complete home closing package.

Match must be used at the time of asset purchase (home closing). No matching funds will be provided after the fact if the asset purchase occurred without the knowledge of the Custodian. The home must be located within Virginia. The Saver must be a first-time homebuyer.

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 a home purchase, the Saver will provide proof of purchase of the home 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 10:1, for every one dollar deposited by the Saver, the Saver will accrue, at the time of asset purchase, ten dollars in match funds.

The Saver may accrue match funds for savings up to \$1,000 with the match amount not to exceed \$10,000. The Saver is not required to save beyond the maximum matched savings amount.

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 (a home purchase) 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:

The Saver is currently a Virginian resident along with being a first-time homebuyer, which means the Saver has had no primary residential ownership within a property within the last three consecutive years. The Saver will use the VIDA program funds to purchase a home located within the state of Virginia. The home will be their primary residence.

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 Saver must submit the appropriate documentation to request the withdrawal. The Custodian will withdraw all funds from the custodial account and return them to the Saver.

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

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.

The Saver should contact their intermediary immediately 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.

Upon the death of the Saver 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)
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