



## **Westwater Financial, Inc**

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### **INDEPENDENT DEVELOPMENT ACCOUNT SAVINGS PLAN PROGRAM POLICIES AND PROCEDURES AGREEMENT**

The **Westwater Financial Individual Development Account (IDA) Savings Plan** is a new program offered by Westwater Financial, Inc. in collaboration with our community partners. The *IDA Savings Plan* is designed to help participants acquire productive assets and/or increase the value of productive assets they already hold. Each month participants in the program will make a savings deposit of a pre-agreed-upon fixed amount (minimum \$25/mo.) that **must come from earned income**. We have two different savings programs. The program will match participants' savings deposits at a ratio of 3 to 1 for First-Time Homebuyers. Participation in the program will be for a minimum of 12 months and a maximum of 36 months (6 mo. in special circumstances). Participants will be **limited to total deposits of \$2,000** (plus \$6,000 in matching funds).

**Our other program** is designed for Post-Secondary Education or Trade School funding with an eight-to-one match. This program is also available for small business enterprises. Participants will save \$250 for 6 months and receive a \$2000 match from Westwater Financial, Inc.

To participate in the **Westwater IDA Savings Plan**, participants must:

- ✓ Have a gross household income of not more than 200% of Federal Poverty Guidelines (ask Westwater staff for more details)
- ✓ Attend all scheduled meetings and classes
- ✓ Make monthly savings deposits (of earned income) at the pre-agreed amount
- ✓ Use savings for first-time home acquisition, business capitalization, or post-secondary education
- ✓ Follow all policies for monthly account activity reporting criteria, leave of absence and emergency withdrawal procedures, and final withdrawal procedures

These requirements are explained in further detail in the following pages. If you have any questions regarding the requirements or other specifics of the IDA program, please contact a Westwater staff member at [shellier@westwaterfinancial.org](mailto:shellier@westwaterfinancial.org) or (707) 419-3070.

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## 1. ACCOUNT SPECIFICS

<b>(1.1.A) IDA Account Structure Summary – First-Time Homebuyers</b>	
Total Savings Goal:	Up to \$8,000
Participants Save:	Up to \$2,000
Matching Amount:	Up to \$6,000
Monthly Savings Amount:	\$25 minimum
Monthly Savings Rate:	3:1
Maximum Program Time:	36 months
Minimum Program Time:	12 months (6 months in exceptional circumstances)

<b>(1.1.B) IDA Account Structure Summary – Post-Secondary Education or Sm. Business Enterprise</b>	
Total Savings Goal:	Up to \$2,250
Participants Save:	Up to \$250
Matching Amount:	Up to \$2,000
Monthly Savings Amount:	\$41.67 ( $\$250 \div 6 = \$41.67$ savings per month)
Monthly Savings Rate:	8:1
Maximum Program Time:	6 months
Minimum Program Time:	12 months (to spend the matching funds)

<b>(1.2) Savings Deposits</b>	
<ul style="list-style-type: none"> <li>• Program participants will open an Individual Development Account (IDA) savings account at a participating financial institution (an up-to-date list of participating institutions is available from Westwater staff).</li> <li>• Each participant will make a monthly savings deposit of a pre-agreed-upon amount (\$25 minimum; the exact amount may not be changed after beginning the program).</li> <li>• Participation will be for a minimum of 12 months to a maximum of 36 months; participants will work with Westwater staff to determine the exact number of months, which number may not be changed after participants enter the program;</li> <li>• At the discretion of Westwater, participants may be granted permission to make deposits for 6-11 months if their asset must be acquired in under 12 months.</li> <li>• Participants may make deposits in the following ways: <ul style="list-style-type: none"> <li>(1) In person at the participating credit union</li> <li>(2) Through payroll deduction (arranged with employer by participant)</li> </ul> </li> <li>• If a participant begins to experience any problems with saving, Westwater program staff should be contacted immediately to help find solutions at <a href="mailto:cindib@westwaterfinancial.org">cindib@westwaterfinancial.org</a> or (707) 419-3070.</li> </ul>	

**(1.3) Matching Fund Account**

Westwater will establish accounts with participating banks and credit unions to hold matching funds. The funds will be held in the matching fund account until participants have completed their training, adhered to their savings plan, met their savings goal, and are ready to purchase the asset associated with the savings goal (e.g. first-time home acquisition, business capitalization, or post-secondary education). Matching funds **will not be paid directly to the participant. In no instance will matching funds be provided for an emergency withdrawal.**

**(1.4) Emergency Withdrawal**

Any withdrawal of IDA savings other than the final approved one for asset purchase is treated as an emergency withdrawal. Withdrawals of funds from the IDA account cannot be made for any purpose until six months after the date when the Participant first deposits funds into the IDA account. Thereafter, up to three (3) withdrawals may be made at the rate of not more than one (1) withdrawal per month. Each month in which a withdrawal is made counts as a non-deposit month **whether or not a deposit is made in the same month** (see §(7) for a description of deposit policies). As with non-deposit months, participants must notify Westwater staff within the month that a withdrawal is made and provide the reason for the withdrawal. Withdrawal within the first six months of the program or more than three (3) withdrawals total will result in immediate termination from the program. Failure to notify Westwater staff within the same month as a withdrawal will result in probation. Thereafter, failure to notify Westwater staff of a withdrawal **or** non-deposit month will result in immediate termination from the program.

**Amount of Withdrawals:** Approved emergency withdrawals may be made in any amount up to a participant's entire account balance less \$50—**participants must maintain a \$50 balance** in their account to ensure that the account is kept open for future program participation. **Withdrawals will not include matching funds.**

**Replacement of Withdrawn Funds:** Funds withdrawn for purposes of an Emergency Withdrawal must be replaced as soon as possible and no later than 12 months after the date of the emergency withdrawal. Failure to replace withdrawn funds shall constitute the participant's withdrawal from the IDA program and the participant will be ineligible to receive matching funds.

**Forfeiture of Match:** Participants who make emergency withdrawals will forfeit any match money earned on the amount of funds withdrawn unless those funds are returned to the account.

**(1.5) Qualified Withdrawal**

Participants may use their IDA savings and matching funds for one of the following qualified assets:

- ✓ First-time home purchase
- ✓ Business capitalization
- ✓ Post-secondary education

**Qualified Assets:** Participants may save toward an asset that has been approved by Westwater staff prior the participants' beginning the program. Should it be unclear whether an asset request may be permitted, the Executive Director of Westwater Financial will hold final decision-making authority in interpreting program policy. In addition, IDA participants who disagree with program staff about the permissibility of a qualified withdrawal request for an asset may appeal for a final decision to the Westwater Board of Directors.

**Form of Payment:** Qualified withdrawal requests will be completed in the form of a check made payable to businesses, vendors, or institutions providing the elements of the participant's asset goals; IDA funds will be issued directly to participants only in cases that clearly warrant direct payment as determined by Westwater. When possible, qualified withdrawal checks will be issued in the precise amount of the asset-related purchases (e.g. payments for tuition expenses would be made for the exact amount billed by a school or training program). Any unused IDA matching funds revert back to the *Westwater Financial IDA Savings Plan*.

## 2. PARTICIPANTS' RESPONSIBILITIES

### (2.1) Attendance Policy

- Participants are required to attend the following classes:
  - a. Financial literacy training session(s) prior to beginning the program (these will be offered bi-monthly/12 times a year)
  - b. Asset-specific education class(es) pertaining to the participant's savings goal (e.g. first-time home acquisition, business capitalization, post-secondary education)
- Meetings and classes will be conducted by Westwater Staff or our training partners and may be taught by other community leaders who have expertise in the areas of money management, homeownership, education, business development, as well as other related topics.
- Participants are expected to attend each class/meeting; they should arrive before the class/meeting begins and should participate in discussions. If a participant is unable to attend a class/meeting for any reason, Westwater staff should be notified by email or phone prior to the class/meeting.

**Excused Absences:** Some participants may be able to continue saving but unable to attend required classes or meetings for a period of time due to unforeseen circumstances beyond their control. Participants may work with program staff to request excused absences from these classes or meetings to maintain program eligibility.

### (2.2) Deposit Policy

- If participants fail to make deposits for a total of three (3) months (consecutively or non-consecutively), they may remain in the program only if an acceptable written notice with explanation has been provided to Westwater staff for each missed deposit prior to the end of each month in which no deposit is made.
- If participants fail to make a deposit during the month and fail to contact Westwater staff with an acceptable written notice with explanation, they will be placed on probation for one month; if no deposit is made the following month, and no acceptable notice with explanation is given, the participants will be terminated from the program immediately.
- If participants fail to make deposits for more than three (3) months (whether consecutively or non-consecutively), they will be immediately terminated from the program.

**Leave of Absence:** As previously stated participants may miss up to three (3) months, whether consecutively or non-consecutively, of deposits and still remain in the program so long as acceptable notice and explanations are given during each month.

**(2.3) Income Verification & Reporting Criteria**

**Income Verification:** IDA applicants must provide Westwater with their household size and their household's gross income. This may be based on the most recent tax return or adjusted to reflect current earnings on the basis of records of earned income. If income qualification is based upon current earnings rather than recent tax returns, Westwater may request documentation at a later date that confirms the reported gross income (e.g. new tax returns).

**Required Monthly and Quarterly Reporting:** It is the responsibility of each participant to report their monthly and quarterly savings deposits and balances. Monthly reports should be submitted via email before the end of the month in which the savings deposit is made; these reports should include the total balance in addition to the date and amount of the deposit. Participants should also provide copies of quarterly statements from their bank or credit union. It may be possible to arrange for the bank or credit union to mail copies of quarterly statements directly to Westwater; however, it is ultimately the responsibility of the participant to ensure that quarterly statements are submitted to Westwater.

**Failure to Report Deposits:** Failure to submit a monthly report will be treated as a failure to make a deposit that month **whether or not a deposit was actually made**; as such, failures to report may not occur within the first six months of program participation and will result in probation thereafter. More than two months of failed reporting will result in termination from the program.

**Required Notification for Missed Deposits:** Participants must notify Westwater staff prior to the end of each month in which no deposit will be made. This notification must also include an acceptable reason for the failure to make the deposit. Such notification should be provided in writing via email to [shellier@westwaterfinancial.org](mailto:shellier@westwaterfinancial.org). Westwater will work with participants to avoid additional missed deposits with personalized counseling on the basis of the reasons provided by participants. As stated elsewhere, participants may not miss deposits for any reason during the first six (6) months of the program.

**Failure to meet reporting criteria:** If participants fail to make a deposit AND fail to meet the reporting criteria, they will be placed on immediate probation for the following month. If no deposit is made in the next month and there still is a failure to meet reporting criteria, they will be terminated immediately from the program. Any two months of failure to deposit and meet the reporting criteria, whether consecutive or non-consecutive, will result in immediate termination from the program.

**(2.4) Surveys and Evaluations**

Involvement in the program may involve periodic surveys and/or evaluations. Westwater collects information documenting the results of its asset-building programs for its participants, their families, and the community. This data collection assists us in maintaining compliance in reporting to our funders, in further developing our program, and in assisting more families. All information is kept strictly confidential.

### 3. TERMINATION FROM THE PROGRAM

#### (3.1) Voluntary Termination

Participants may voluntarily terminate their participation in the program at any time. Participants who have voluntarily terminated their participation in the program prior to the end of savings period will forfeit the right to matching funds.

#### (3.2) Involuntary Termination

The goal of the *Westwater IDA Savings Plan* is to work with participants so they can consistently save over the course of the program. Westwater Financial does not expect that any participant will need to be terminated from the program. However, in the event that any of the following does occur, Westwater may terminate a participant from the program:

- (1) Withdrawal of funds from the IDA savings account within the first six months of the program; doing so more than once thereafter without providing notification; doing so more than three times with written notification, whether consecutively or non-consecutively
- (2) Failure to submit a monthly report within the first six months of the program or failure to do so thereafter for two months, whether consecutively nor non-consecutively
- (3) Failure to make a deposit within the first six months of the program; failure to do so without written notification for two months, whether consecutively or non-consecutively; failure to do so for more than three months, whether consecutively or non-consecutively, with written notification
- (4) Failure to replace ALL withdrawn funds within 12 months of the first emergency withdrawal
- (5) Failure to attend at least 75% of meetings and classes.

**Notice of Termination:** In the event of termination, Westwater staff will attempt to reach the participant by telephone. A letter notifying the participant of termination will also be sent.

**Forfeiture of Matching Funds:** In the event of termination, the participant **forfeits** any program matching funds.

I certify that I have read this in its entirety and understand the above *Westwater IDA Savings Plan* program policies and procedures. I further certify that all deposits to my participant account will be made with funds from earned income and that my household income on the date of application is not equal to or greater than 200% of the most recently published Federal Poverty Guidelines of the U.S. Department of Health and Human services.

\_\_\_\_\_  
Program Participant

\_\_\_\_\_  
Date