

## Assets for Arkansans

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### Individual Development Account Program Overview

#### **What is Assets for Arkansans Individual Development Account Program?**

Assets for Arkansans Individual Development Account Program (AAIDAP) is an investment strategy and comprehensive financial education program sponsored by Argenta Community Development Corporation designed to provide low-to-moderate income individuals and families in Pulaski County with the opportunity, incentive, and support necessary to save money, finance their future and change their lives. Matched savings allow a participant to pursue the following:

- Purchase a primary residence
- Repair, expand or renovate a primary residence
- Start or expand a small business
- Pay tuition or other related expenses for a post-secondary educational program or get job training

#### **Match Ratio**

AAIDAP offers a minimum 3:1 match. This means, for every \$1 saved by an IDA participant, they will receive a \$3 match on their deposit.

#### **Time Limits/Match Caps**

All IDA participants must save for a minimum of six months, but no more than two years before they can purchase their asset. The participant must save \$667 within the two year time period and at least \$25 must be deposited each month until the savings goal is met. The individual participant will receive \$2,000. The maximum a household can receive is \$4,000.

#### **Account Structure**

There will be two accounts established for the participant, the matched account and the personal savings account. The matched account is held by the CDC and “matched” savings are transferred into the account each time the participant makes the agreed upon deposit into their personal savings account. Participant personal savings accounts are “custodial accounts” meaning that they are jointly owned by the participant and Argenta CDC. Participants make regular account deposits at Simmons First National Bank or Hope Community Credit Union. Since the personal savings accounts are joint, any withdrawals will need to be approved by an Argenta CDC designee.

## Specific Eligible Uses of Funds

**Purchase a primary residence** - including a house, pre-fabricated house, condominium, mobile home, or land on which a home will be built or mobile home placed. In the case of a land purchase, a participant must have demonstrable plans and financing to place a home upon the land within six months of purchase date. The IDA participant must be planning to live in the home. Acceptable IDA uses include contributions to a down payment, lending costs or fees (“points”), or other closing costs (home inspections, attorney’s fees, title searches)

**Repair, expand or renovate a primary residence** - work must be on a property owned AND lived in by the IDA participant and must be likely to maintain or increase the value and/or practical utility of the property. Acceptable IDA uses include contractor’s fees, design or license fees, and the cost of building permits or building materials.

**Start a small business** - expenditures for initial inventory, business equipment, marketing or other start-up costs are permissible provided all expenditures follow a structured, realistic business plan.

**Expand or stabilize an existing small business** - expenditures for business equipment, targeted marketing or advertising campaigns, or other planned business expansion efforts. Generally speaking, IDA funds should not be used to replenish inventory or cover other on-going operating expenses (such as payroll or occupancy costs) unless such expenditures are part of specific and well-reasoned plan to return an ailing business to viability within a reasonable timeframe.

**Pay tuition for a post-secondary educational program** - tuition should be toward a degree or course of study that can be reasonably expected to improve an IDA participant’s prospects for employment and/or earning potential. Funds can also be used to obtain trade certifications.

**Cover expenses directly related to post-secondary tuition** – this includes school fees, books or certain school supplies. Personal computers may be considered school supplies provided that a student is pursuing a field of study that involves significant computer use.

## Who is eligible for AAIDAP?

AAIDAP is funded through Department of Workforce Services (DWS), Southern Good Faith Fund, Assets for Independence and the Arkansas Economic Development Commission. Because of the different funding sources, accepted participants are placed in the program that best suits their needs, geographic location, and income; so long as program requirements are met and slots are available. The chart below highlights the eligibility requirements.

Overall Eligibility Requirements	Program 1	Program 2
Be at least 18	x	x
Live in Pulaski County	x	x
Live outside of Little Rock, North Little Rock and Jacksonville		x
Have a minor child living in the household	x	
Demonstrate the ability to save \$667 in 2 years or less.	x	x
Have assets of \$10,000 or less excluding a home and automobile	x	x
Income qualification based on 185% of the Federal Poverty Level-see Matrix Below	x	
Income qualification based on HUD's 80% of Area Median Income for the Little Rock-North Little Rock-Conway MSA-See Matrix Below		x
Saving towards home purchase	x	x
Saving towards home repair	x	
Saving towards education or job training	x	x
Saving towards small business start up or expansion	x	x

### Income Requirements

#### Program 1

**Maximum Income Requirements  
185 % Federal Poverty Guidelines**

Household Size	Annual Income
2	\$26,955
3	\$33,874
4	\$40,793
5	\$47,712
6	\$54,631
7	\$61,550

#### Program 2

**Maximum Income Requirements  
HUD 80% AMI for LR-NLR-Conway MSA**

Household Size	Annual Income
1	\$34,000
2	\$38,850
3	\$43,700
4	\$48,550
5	\$52,450
6	\$56,300
7	\$60,200

### Acceptance into AAIDAP

In evaluating acceptance to the program, the following conditions are considered:

- ability to achieve asset goal within two years

- review of personal statement on why they wish to participate (included in application packet) must be completed
- a demonstrated strong desire to pursue their asset
- have either a credit history acceptable to most lenders, or the desire and ability to address credit issues in a timely manner within the program time frame by working with counselors and creditors (for those seeking to purchase a home or start a business)
- the ability to consistently make a deposit of at least \$25 per month into a savings account towards a savings goal of \$667
- desire to improve money-related knowledge and skills
- desire to attend economic literacy and asset-specific training

### **Individual Counseling, Financial Literacy and Asset Specific Training**

To maximize their success with the program participants will be required to meet with Argenta staff at least three times for one-on-one sessions during their participation, attend a financial literacy series and attend AAIDAP specific economic literacy courses provided by Argenta CDC and other organizations that have expertise in the specific asset that they are seeking.

- If a participant is planning to pursue higher education, this includes earning a certificate or getting job related training, they must meet with an adviser at their prospective school and develop an education plan
- If starting or expanding a business, participants must meet with UALR's Small Business Development Center to write or modify a business plan
- For home purchases, an 8 hour homeownership class at Argenta CDC is required

Participants will also be required to spend a minimum of two hours in one-on-one **financial literacy counseling**. This is in addition to the individual counseling sessions. The purpose of these meetings is to ensure that the client has grasped the training concepts, answer questions and further assist them in reaching their goals.

In addition, every enrolled participant is required to successfully complete asset-specific literacy courses based on how they intend to use their matched money. Those interested in:

- home-ownership must attend an 8-hour homebuyer education class presented by Argenta CDC
- education must present an education plan, which AAIDAP will provide
- starting or expanding a small business must work with UALR Small Businesses and Technology Center

The individual, financial and asset counseling sessions are required before an asset purchase can be made.

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