

Date

Name and address

To Whom It May Concern:

Name of Participant is a participant in the **Name of Agency** IDA Program. “IDA” stands for Individual Development Account and is a program that matches the savings of the IDA Participant at a 3:1 ratio up to \$3,000. The program requirements include savings from earned income, review and repair of credit, financial management education, and home purchase education. These are all requirements that will help to lower your risk as a mortgage lender.

It is preferable if you will treat the \$3,000 in match funding as the buyer’s own funds. We prefer this as it more accurately reflects the program’s philosophy and may help the buyer receive the best available mortgage product available given the level of cash available at closing.

If the match funds are to be treated as a “gift” at closing you may need the appropriate tax identification number for the source of the gift funds. You should work with the IDA program to identify the source of funds and get the appropriate federal tax-exempt identification number.

The source of match funds are from a grant from the Assets for Independence act (\$1500) and from Michigan State Housing Development Authority IDA match funding (\$1500 non-federal funds), and would not conflict with the use of Federal Home Loan Bank funds or HUD HOME funds.

Finally, the IRS has already ruled that the match funds used by a participant through an IDA Program is not taxable as income to the participant.

I hope this provides you with the appropriate information you need to help complete **Participant’s Name** home purchase. If you have additional questions regarding the program please contact **Your Name and phone**
Sincerely,

Your Name and Address