

**Michigan IDA Program
Sample G.
Letter to Financial Institution re IDA funds**

Date

Financial Institution
Address
City, State zip

To Whom It May Concern:

__Participant Name__ is a participant in the __Name of organization__ 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 you will treat the \$3,000 in match funding as the buyers 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.

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 me at __Organizations contact number__.

Sincerely,

Name
IDA Program Coordinator
Name of Organization