

Washington State State Program Policy

Policy Number: 7010 Revision 1

Policy Title: Community Reinvestment Plan Matched Investment Savings

Effective Date: Accounts October 1, 2024 Revision Date January 22, 2025

1. **Purpose:**

The purpose of this policy is to outline the structure and implementation of the Matched Investment Savings Accounts (MISAs) program, ensuring clear guidelines for participant eligibility, contribution matching, personal finance education and coaching requirements, and withdrawal conditions. This policy aims to support the financial self-sufficiency and asset-building goals of economically disadvantaged individuals and families in Washington State, with a specific focus on Black, Tribal, and Latine communities, as part of the broader Community Reinvestment Plan.

2. **Background:**

Matched Investment Savings Accounts (MISAs), part of the Community Reinvestment Plan (CRP) funded by Community Reinvestment Funds (CRF) through an interagency agreement between Washington State Department of Commerce (Commerce) and Employment Security Department (ESD), aim to support participants' future asset-building or investment goals. MISAs retain the core intent of Individual Development Accounts (IDAs) as defined in the CRP by Commerce and ESD but do not meet the technical definition of an IDA as defined in statute.

For the purposes of this program, a MISA is defined as a custodial account, managed by Local Workforce Development Boards (LWDBs) and/or their subrecipients, to provide a 2:1 match for participants' savings, with a maximum of \$20,000 in matched funds to enhance financial self-sufficiency. Participants can make withdrawals for approved purposes once they meet personal finance education and coaching requirements and adhere to their Savings Plan Agreement, as detailed on page 5. Emergency withdrawals are permitted under specific circumstances after other support options have been explored, as referenced on page 6.

3. **Policy:**

This policy remains unchanged as long as the legislature continues funding MISAs after June 2025. In the event that the legislature does not provide continuing funding after June 2025, then LWDBs will transition custodial accounts to non-custodial checking or savings accounts, granting participants full discretion over their funds with unrestricted withdrawal privileges.

This policy outlines the structure and requirements for the Matched Investment Savings Account (MISA) program. It includes:

- **MISA Program Overview:** A comprehensive explanation of the program's purpose and objectives.
- **Personal Finance Education and Coaching Requirements:** Detailed requirements for financial education and coaching.
- **MISA and Banking Partner Guidelines:** Guidelines for collaboration with banking partners.
- **Efforts to Outcomes (ETO) Guidance:** Instructions for tracking and reporting using the Efforts to Outcomes (ETO) system.

a. Matched Investment Savings Accounts Program Overview

i. Participant Eligibility

For a participant to be eligible for the MISA Program, applicants must meet the following requirements:

- Be enrolled or co-enrolled in at least one of the following programs:
 - Federal Economic Security for All (EcSA) per [WIOA Policy 5625](#)
 - State EcSA per [State Program Policy 7000](#), OR
 - Any WIOA Title I-B formula program.
- Be 18 years of age or older, or an emancipated youth.
- At the point at which a self-sufficiency standard is/was established with the participant, the participant must have or have had income below the Self-Sufficiency Standard for their individual household composition as defined by the UW Self-Sufficiency Calculator.
- Complete a Savings Plan Agreement to establish financial goals as outlined in Savings Plan Agreement section below.
- Sign a participant authorization form authorizing the Local Workforce Development Board (LWDB)/subrecipient to open a custodial account with the selected banking partner.
- Complete all forms and follow all processes mandated by the bank for account opening as part of their enrollment in the program.

ii. Eligibility documentation

- Save a copy of the Savings Plan Agreement in the participant's case file.
- Save a copy of the signed participant authorization form in the participant's case file.
- All MISA participants, regardless of which program(s) they are enrolled in, must complete Self-Sufficiency Calculator steps and save results in the Calculator database and participant's case file.

iii. Savings Plan Agreement

Each participant must collaboratively create a Savings Plan Agreement to guide their involvement in the MISA program with their LWDB/subrecipient case manager. LWDBs/subrecipients will develop their own individualized structure for the Savings Plan Agreement, but the agreement must include the following elements:

- **Contribution Details**
 - Outline anticipated participant contribution and frequency of contribution. 2:1 match will be limited to \$10,000 contributed by the participant.

- Outline the planned source of participant contributed funds. The contributions may be derived from earned income or other income. Other income may include incentives, child support payments, supplemental security income, and disability benefits.
- **Matching Funds**
 - Ensure the participant understands that with the 2:1 matching funds are applied only up to the first \$10,000 of their savings, which means the program will contribute a maximum of \$20,000, capping the total combined savings at \$30,000. Any participant contributions exceeding \$10,000 will not receive additional matching funds.
- **Participant Financial Goals**
 - Specify the total savings goal combining participant contributions and matching funds.
 - Define the timeframe over which the savings will accumulate.
 - Identify the specific asset(s) and/or investment (s) for which the savings are intended.
 - Outline key milestones associated with the savings plan.
- **Withdrawal Conditions**
 - Clarify that the participants cannot withdraw their own savings from the MISA until after June 2025 or until they have achieved the goals outlined in their Savings Plan Agreement.
 - Ensure participant understands that withdrawal or transfer of these funds may have tax or public assistance eligibility impacts which they have responsibility to report.
 - Withdrawals for purchasing assets or investments are contingent upon completing all required financial coaching modules. Once these conditions are met, participants may withdraw funds to purchase approved assets or investments as detailed in their Savings Plan Agreement.
- **Regular Updates**
 - Outline the process and criteria for reviewing and updating Savings Plan Agreements

Savings Plan Agreements can be revised and updated, as needed, based on mutual agreement between the participant and their case manager. Once updated, the revised agreement must be retained and attached to the participant's case file.

iv. MISA Participant Flow Process

- **Create a Savings Plan Agreement**
 - Participants will work with case managers from designated LWDBs/subrecipients to develop a personalized savings plan.
- **Financial Coaching**
 - Participants must complete the required financial coaching, as defined in their Savings Plan Agreement, before they are eligible for non-emergency withdrawals. However, they do not need to have started or completed personal finance education and coaching to open their account.
- **Account Management**
 - Participants will open a custodial savings account at a participating bank, coordinated by LWDB/subrecipient, with the LWDB/subrecipient as the custodian of the account.
- **Deposits**

- Participants will make deposits from their personal earnings, as required by the Savings Agreement. Participants' savings contributions can also be made with CRF/EcSA incentive funds, directly from the LWDB/subrecipient to the banking institution, based on request by the participant.
- **Matched Funds**
 - Matching funds begin accruing with the first deposit.
- **Withdrawals**
 - **Before June 2025:** Withdrawals can be made for approved purchases or emergencies as outlined below.
 - **After June 2025** (if funding does not continue): All custodial accounts will be converted to non-custodial checking or savings accounts, granting participants full discretion over their funds with unrestricted withdrawal privileges.

v. Fund Management & Guidelines

Matching Account

- Each LWDB/subrecipient will maintain a single account containing CRF funds to be used as matched funds when a participant makes a deposit. There is no defined minimum or max account balance that must be maintained for these accounts.
- The MISA program will be monitored by the ESD Monitoring Unit, at a time and in a manner to be determined in consultation between the Grants Management Office, the ESD Monitoring Unit, and the LWDB to be monitored.

Custodial Accounts

- Participants will open individual custodial accounts to serve as their MISA, with the LWDB/subrecipient as the account's custodian.

Deposits

- Participants will deposit into their custodial accounts, and LWDBs/subrecipients can also make direct deposits, with incentive payment funds the participant has earned, on their behalf.

Matched Fund Transfer

- Once the bank receives approval from the LWDB/subrecipients, funds will be transferred from the LWDB/subrecipient's Matching Account to the participant's personal, custodial account.
- The transfer of matching funds must be completed prior to the participant receiving authorization to make withdrawals.

Withdrawal Approval

- Participants cannot withdraw any funds from their Custodial Account without prior approval from the LWDB/subrecipient.

b. **Personal Finance Education and Coaching Requirements**

- **Completion Requirement:** Personal Finance Education and Coaching that meets the standard outlined below must be completed by the participant before the first withdrawal of matched funds, excluding approved emergency uses.
 - **Flexible Training Options:** LWDBs can partner with any organization that offers personal finance education and coaching that meets the standards outlined below.
- i. Local Board Contracting for Personal Finance Education and Coaching
- LWDBs can contract/partner directly with Financial Beginnings without needing to procure. Partnering with Financial Beginnings offers the following benefits:

- Client access to Financial Beginnings' Online Learning Platform (Financial Beginnings Online) that pairs self-paced basic financial literacy curricula with live in-person and/or virtual personal finance education and coaching sessions.
- Regular reporting on each client's progression through the pre-approved curricula.
- Regular reporting on client experience with and impact of the curricula.
- Access to Financial Beginnings contract and process templates, including per participant defined cost of \$275.
- LWDBs can contract/partner directly with By and For Organizations that received Community Reinvestment Plan (CRP) funds for Personal Finance Education and Coaching without needing to procure (see [CRP-funded Organizations Financial Coaching and Mentoring](#) for list).
- LWDBs are authorized to train their own staff to deliver personal finance education and coaching, using established curricula from Financial Beginnings or other curricula that comply with the standards outlined below.
- LWDBs can follow their local procurement policies to contract/partner with organizations that provide personal finance education and coaching that comply with the standards outlined below.

ii. Provider Requirements

- **Documentation and Review:** Providers must document completion of the required Personal Finance Education and Coaching standard training elements outlined below by each participant. Methods of documentation may include case notes or transcripts from learning management software.
- **Withdraw Approval:** Personal Finance Education and Coaching that meets the standards outlined below must be completed by the participant before the first withdrawal of matched funds. Participants must complete the core topics identified below and complete any additional personal finance education and coaching as defined in their Savings Plan Agreement before they can make a non-emergency withdrawal of funds for their assets or investment goal.

iii. Personal Finance Education and Coaching Standards:

Programs must provide at least 10 hours of Personal Finance Education and Coaching to all MISA enrolled participants, which includes offering a mix of virtual and/or in-person instruction and/or one-on-one support.

To ensure participants are well-prepared to manage the matched funds responsibly, the core topics below are required:

- 1) **Introduction to Banking and Budgeting** – including:
 - a) An overview of the banking system and budgeting techniques
 - b) Short-, intermediate-, and long-term financial goal setting
- 2) **Income and Tax Systems**
 - a) Current and future income potential
 - b) Financial responsibilities, tax systems
- 3) **Credit Management**
 - a) Establishing and maintaining strong credit
 - b) Finding and monitoring credit reports and scores
 - c) Understanding loan types and implications
- 4) **Individualized Coaching: Applying Tools to your Life**

- a) Using SMART goals to identify and create a plan to achieve your personal dreams
- b) Developing debt reduction and savings plans.
- c) Utilizing a bill prioritization framework when cash is short

Additional elements can be determined collaboratively between participants and their case managers, and to be defined in the participants Savings Plan Agreement, to ensure a comprehensive understanding of financial details tailored to each participant's unique needs and goals.

c. MISA and Banking Partner Guidelines

i. Participant Withdrawal of MISA Funds

- **Purchase of Asset or Investment:** Participants can make a withdrawal for the purchase of one of the qualifying assets or investments identified below, provided the items are for their own use and are reviewed and approved by LWDB/subrecipient. This is allowed once they have completed the required financial coaching and met the goals outlined in their Savings Plan Agreement. Qualifying assets/investments are limited to:
 - Postsecondary education and training,
 - Homeownership or rental move-in expenses, including first and last month's rent plus deposit,
 - Starting or scaling a business including start-up cost, equipment, etc.
 - Computer purchase
 - Automobile purchase
 - Home additions and expansions
 - Assistive technologies
 - Broadband access in rural housing and connectivity costs

The following investments may be designated as part of a Savings Plan Agreement, but payment for them may only be issued as a lump sum at the completion of the savings plan.

- Repayment of existing student loan debt accrued for the participant's education.
 - Payments toward an existing home mortgage held by the participant.
 - Repayment of existing automobile loans for the primary vehicle of the participant's household.
- **Emergency Withdrawals:** LWDBs/subrecipients must review and approve emergency withdrawal requests by participants. Emergency withdrawals are permissible only after all other support options, including federal and state EcSA and WIOA resources, have been fully explored. Participants can request emergency withdrawals for the following reasons.
 - Necessary medical expenses
 - To avoid eviction or foreclosure of the participant from the participant's residence
 - Essential expenses to maintain or sustain employability after a job loss, such as phone and living expenses.
 - Expenses related to transportation for employment, including car payments if the vehicle is at risk of repossession, maintenance costs such as repairs, new tires, oil changes, and other critical vehicle expenses necessary for

commuting to work or programmatic meetings. Also covers bus passes, gas, and car insurance when other transportation aid options are unavailable.

- Childcare expenses critical for attending work or program-related meetings, provided state childcare assistance has been applied for and no alternative payment options are available.

- Unexpected household repairs, urgent household moves, or significant life changes that impact the participant's ability to participate in the program.
- Unexpected burial expenses and/or unanticipated travel expenses for an out-of-town funeral.

ii. Withdrawal Guidelines

LWDB/subrecipient must develop local processes for participant withdrawals that address the following elements:

- **Withdrawal Request Details**

- Each withdrawal request from the participant must specify the name of the institution/vendor where the asset or investment will be purchased, date, and the exact amount to be withdrawn.

- **Verification of Institution/Vendor**

- LWDB/subrecipient will verify that the institution or vendor, where the asset/investment purchase will be made, is a known and legitimate business. For unfamiliar institutions or vendors, conduct due diligence to confirm legitimacy, such as checking business licensure, conducting participant's own research, and performing reference checks.

- **Documentation for Payments**

- Payments can be made directly to the institution/vendor either by a match check issued in their name or via electronic transfer.
- Documentation detailing the transfer specifics, including date, destination, amount, and justification of need must be maintained in the participant case files.
- In cases where matching funds are sent directly to the participant, the following documentation must be included in participant case files:
 - A copy of the match funds check made out to the participant.
 - Details of any electronic fund transfer; or
 - A deposit receipt showing the match funds deposited into the participant's account.
- Emergency Withdrawals – LWDBs/subrecipients must follow the state policy for emergency withdrawals and maintain all documentation in participant case files.

- **Exceptions and Special Cases**

- Small Businesses or Individuals as the institution/vendor: If standard verification steps are impractical (e.g., when dealing with small businesses or individuals), include a documented reason for the exception. Require additional documentation of the purchase, such as a copy of an inspection report and the title for vehicle purchases, which must be assigned to the participant.

- **Reimbursement Requests**

- Participants are permitted to make eligible purchases for reimbursement only after fulfilling all specified personal finance education and coaching requirements.
- If a participant requests reimbursement for a qualified purchase they have already made, ensure that documentation of the purchase is provided.

iii. Local Board Contracting with Banking Partner(s)

LWDBs have the following options to contract with banking partner(s) to provide participant MISA custodial accounts:

- **Direct Agreement with Umpqua Bank**
 - LWDBs can partner directly with Umpqua Bank without needing to procure.
 - Benefits include access to the SharePoint site and Umpqua Bank’s contract and process templates.
 - **Agreements with other banking partner(s)**
 - LWDBs must follow their local procurement policies to partner with any other banking institution that meets the Community Reinvestment Plan funded MISA definition and standards as outlined in this policy.
- iv. Role of the Banking Partner
- **Technical and Participant Support**
 - Establish a process for immediate technical support to resolve system issues quickly.
 - Set up a robust participant service framework to manage inquiries and support account management, in coordination with LWDBs/subrecipients.
 - Provide staff training in cultural sensitivity and inclusivity to ensure respectful communication.
 - Offer multilingual support services to enhance accessibility for Washington's diverse population.
 - **Technology and Security**
 - Implement systems for efficient transaction handling and secure online account management.
 - **Reporting and Monitoring**
 - Establish systems to ensure transparency and accountability.
- v. Required Account Types and Banking Options
- **Types of Accounts Required:**
 - **Custodial Savings Accounts**
 - Participants will open custodial savings accounts where their personal contributions and matched funds will be held.
 - **Matching Funds Account**
 - LWDBs/subrecipients will maintain a separate “matching funds” account with the bank where matched funds are stored until they are disbursed to participant custodial accounts in accordance with program policies and procedures.
 - **Banking Options**
 - Provide both in-person and digital banking options to accommodate the preferences and needs of all participants, ensuring accessibility regardless of location or mobility.
- vi. Collaboration and Information Sharing
- **Equitable Service Requirement:**
 - Ensure that every participant that has been determined eligible by the LWDB/subrecipient has equal access to the MISA program and its benefits. This includes setting up fair, transparent, and efficient account opening procedures in collaboration with LWDBs/subrecipients and bank branches.
 - **Information Sharing:**
 - Maintain open and regular communication with LWDBs/Subrecipients, sharing necessary information to facilitate the management and oversight of MISAs and to facilitate program reporting requirements to ESD. This includes participant enrollment data and transaction histories.

vii. Accounts after June 2025

If additional funds are not available for this purpose by July 1, 2025, all custodial accounts will be transitioned or converted to non-custodial checking or savings accounts, granting participants full discretion over their funds with unrestricted withdrawal privileges.

Role of the LWDB/Subrecipient:

- **Release of Funds:** Participants must collaborate with their LWDB/subrecipient to jointly develop and execute a plan by July 1, 2025.
- **Policy and Communication:** Record official policy decisions and communicate with banking partners to facilitate unrestricted access to funds.
- **Documentation Updates:** Update all relevant documents to reflect the program's closure.
- **Subrecipient Monitoring and Fiscal Controls:** Implement subrecipient monitoring and fiscal controls to safeguard the integrity of the MISA program.

Role of the Participant:

- **Account Review and Confirmation:** Review account status to ensure current personal information and resolve discrepancies.
- **Preparation for Closure:** Confirm all relevant account details to aid in the transfer.
- **Closure Confirmation:** Receive and confirm account closure once processes are completed.

Role of the Bank:

- **Communication and Collaboration:** Collaborate with program administrators to ensure timely communication about the closure process to participants.
- **Information Dissemination:** Provide updates and information to participants throughout the closure process, addressing questions and concerns.
- **Account Management and Transition:** Assist in transitioning accounts by transferring funds to new accounts, converting accounts, or closing accounts as per participant choices and program guidelines.
- **Transaction Processing:** Handle transactions related to the closure, including withdrawals, transfers, and disbursements, ensuring compliance with program rules and participant requests.
- **Regulatory Compliance:** Ensure all actions taken during account closures comply with banking regulations and program rules.
- **Support and Resolution:** Provide ongoing support and resolve issues during the closure process.
- **Reporting and Maintenance:** Generate final reports summarizing closure activities and maintain accounts until all closure activities are concluded.

d. Efforts to Outcomes (ETO) Guidance

- All MISA recipients must be enrolled in the Community Reinvestment Fund program enrollment at the time in which they sign the participant authorization form to open a MISA.
- **MISA Savings Plan Agreement**

- **Navigate to the Services Module:** Go to the section in ETO where you manage services.
- **Add New Service:** Create a new state-funded service called "Matched Individual Savings Account Plan."
- **Link with CRF Program:** Ensure this service is linked to the Community Reinvestment Fund program of enrollment.
- The "Matched Individual Savings Account Plan" service must be entered at the time that the participant has completed a Savings Plan Agreement and prior to any contribution to their MISA.
- The completed Savings Plan Agreement must be uploaded to the "Matched Individual Savings Account" touchpoint.
- **Financial Education and Training Service**
 - **Navigate to the Services Module:** Go to the section in ETO where you manage services.
 - **Add New Service:** Create a new service called "State-Funded Financial Literacy."
 - **Link with CRF Program:** Ensure this service is linked to the Community Reinvestment Fund (CRF) program of enrollment.
 - The "State-Funded Financial Literacy" service must be entered at the time that the participant has completed the required 10 hours of Personal Finance Education and Coaching.
- **MISA Payments**
 - **Navigate to the Services Module:** Go to the section in ETO where you manage services.
 - **Add New Service:** Create a new state-funded service called "Matched Individual Savings Account Payment."
 - **Link with CRF Program:** Ensure this service is linked to the Community Reinvestment Fund program of enrollment.
 - A "Matched Individual Savings Account Payment" service must be entered at every point at which a participant's contribution is matched, with the amounts of the participant contribution and program match entered in the touchpoint.
 - A "Matched Individual Savings Account Payment" service must also be entered at any point that a participant makes a withdrawal from their MISA. Enter the withdrawal amount as a negative amount (ex. -\$5000) and enter \$0 for the program match. Please specify the reason for withdrawal in the case note.

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Start Date * 9/17/2024 End Date * 9/17/2024

Program of Enrollment * Community Reinvestment Fund

Service * Matched Individual Savings Account Payment

Method of Contact In-person

Financial Institution Umpqua Bank

11/100

Client Contribution \$ -5000 Program Match \$ 0

Total \$ -5000

4. **Definitions:**

Custodial Account: The Local Workforce Development Boards (LWDBs) or subrecipients function as custodians for the participant’s funds within the CRF program. In this role, they have the authority and responsibility to administer the funds on behalf of the participant. This fiduciary role includes managing the funds within the guidelines of the program and ensuring all actions are in the best interest of the account owner.

Participant Authorization Form: Participants must sign to consent to specific actions within the program, including authorizing the processing of personal information, accessing financial services, and allowing Umpqua Bank to manage transactions according to program guidelines. Additionally, participants must grant LWDBs/subrecipients the authority to act on their behalf within the scope of the program.

2:1 Match: A financial matching system where for every dollar the participant deposits into their account, the program contributes two dollars, effectively tripling the total savings amount up to a specified limit.

Financial Beginnings: A national organization that aims to address the country’s widening wealth gap through accessible and unbiased personal finance education and coaching for all ages and backgrounds. Their programs are designed to empower learners with the knowledge and skills needed to achieve financial stability and success through culturally responsive education that caters to diverse learning needs.

5. References:

- [Community Reinvestment Plan Report](#)

6. Supersedes:

State Program Policy 7010

7. Website:

[Workforce Professionals Center](#)

8. Action:

Local Workforce Development Boards (LWDBs) and their contractors must distribute this policy broadly throughout the system to ensure that WorkSource System staff are familiar with its content and requirements.

9. Attachments:

[Attachment A](#) – MISA Tax Guidance

[Attachment B](#) – Umpqua Bank Account Opening, Management and Closing Processes

[Attachment C](#) – MISA/IDA Participant Account Opening & Management

[Attachment D](#) – Withdrawal Instructions

[Attachment E](#) – MISA/IDA Withdrawal Request

[Attachment F](#) – Wires Transfers or Cashier's Checks Request

[Attachment G](#) – MISA/IDA Agreement

[Attachment H](#) – MISA/IDA New Account Request SharePoint

Direct Technical Inquiries To:

Grants Management Office
Employment System Policy and Integrity Division
Employment Security Department
P.O. Box 9046 Olympia, WA 98507-9046
WorkforceInitiatives@esd.wa.gov

Direct Policy Inquiries To:

Employment System Administration and Policy
Employment System Policy and Integrity Division
Employment Security Department
P.O. Box 9046
Olympia, WA 98507-9046
SystemPolicy@esd.wa.gov

Attachment A: Matched investment Savings Account (MISA) Tax Guidance

In managing Matched Investment Savings Accounts (MISAs), customer contributions are subject to interest income when the customer takes control of the contributions. This occurs when they use the funds for a qualifying asset/investment, withdraw funds before eligibility, or upon program termination. The Banking Partner will issue a Form 1099-INT for the interest amount in the applicable year. Matching contributions, treated as gifts, are not included in the customer's income and are exempt from reporting requirements, so no Form 1099 will be issued. It is advised that WWA and LWDBs refrain from providing individual tax advice on an individual level for these customers. The advice provided below relates to taxation of the interest and the matching gifts and the requirement for the Banking Partners to report, or not report, such income to the Customer.

Customer Contributions:

The Law

Code § 61 and the applicable Treasury Regulations, specifically Treas. Reg. 1.67-7, provides that, as a general rule, interest received by or credited to a taxpayer constitutes gross income and is fully taxable. Interest income includes interest on savings or other bank deposits. Code § 451(a) provides that the amount of any item of gross income shall be included in the gross income for the taxable year in which received by the taxpayer. However, Treas. Reg. § 1.451-2(a) provides that, income although not actually reduced to a taxpayer's possession is constructively received by him in the taxable year during which it is credited to his account, set apart for him, or otherwise made available so that he may draw upon it at any time, or so that he could have drawn upon it during the taxable year if notice of intention to withdraw has been given. However, income is not constructively received if the taxpayer's control of its receipt is subject to substantial limitations or restrictions.

Lastly, Code § 6049(a) provides that every person (1) who makes payments of interest aggregating \$10 or more to any other person during any calendar year, or (2) who receives payments of interest as a nominee and who makes payments aggregating \$10 or more during any calendar year to any other person with respect to the interest so received, shall make a return according to the forms or regulations prescribed by the Secretary, setting forth the aggregate amount of such payments and the name and address of the person to whom paid.

Analysis

Per the Required Account Types, the Banking Partner is required to maintain a separate account for Customers' personal contributions and matching funds. If the portion of the account containing the Customers' personal contributions earns interest, the interest is considered income to the Customer and subject to taxation. However, since Customers may only make withdrawals from the MISA, including Customer's personal contributions, for approved purposes, i.e., Customers cannot withdraw their own savings once contributed to the MISA until the maturity/end of the funding date or until they have met the goals specified in the Savings Plan Agreement, the IRS will likely consider the portion of the account containing the Customer's personal contributions as having substantial limitations or restrictions on the Customers' control of the receipt of the income. As such, the Customer has no constructive receipt of the interest until the restrictions are removed.

Therefore, the Banking Partner will issue a Form 1099-INT to these Customers during the year in which the restrictions/limitations are removed, and the Customers have control of the funds. For example, if the program ends in 2025, the Customer will receive a Form 1099-INT for the

total interest in the portion of the account holding the Customer's personal contributions during 2025. Alternatively, if the program continues and the Customer does not take a distribution of the funds until he/she has met his/her funding goal and wants to purchase a qualifying asset, the year in which the Customer purchases the asset shall be the year in which the Banking Partner issues the Form 1099-INT.

Matching Contributions

The Law

Code § 61 provides that, unless otherwise excluded, gross income means all income from whatever source derived.

Two exclusions may apply to the matching contributions to the Customers to obtain qualifying assets.

General Welfare Exclusion

Revenue Ruling 2009-19 provides that payments to individuals under governmental social benefit programs for the promotion of the general welfare and not for services rendered are not includible in the recipients' gross income. To qualify under the general welfare exclusion, payments must (i) be made from a governmental fund, (ii) be for the promotion of the general welfare (i.e., generally based on individual or family need), and (iii) not represent compensation for services.

Gift Exclusion

Code § 102(a) provides an exclusion from gross income for gifts. Under 102(a), a gift must proceed from a 'detached and disinterested generosity,' ... 'out of affection, respect, admiration, charity or like impulses. Further, Rev. Rul. 99-44 states: "In general, a payment made by a charity to an individual that responds to the individual's needs and does not proceed from any moral or legal duty, is motivated by detached and disinterested generosity."

On the definition of a gift, the IRS ruled that an institution is not required by Code § 6041 to issue Forms 1099 or any other information return for the payments it makes to individuals for payment excludable from income under Code § 102(a) as gifts.

Analysis

First, as the matching funds are setup, WWA/LWDB appear to pay the matching contributions with governmental funds, based on individual or family need, and not as compensation for services. Further, they appear to pay the matching funds as detached and disinterested generosity to address families' needs for housing, education and starting/growing a business, consistent with the WWA's purposes.

Since these payments are excludable from IRS income, the Banking Partner should not issue a Form 1099 to the Customers who receive the funds to purchase a qualifying asset/investment. Further, in the event the Program is discontinued, and a customer is able to use the matching funds without restrictions, the matching contributions would still qualify as a gift and would not be included in the Customer's income.

Attachment B: Umpqua Bank Account Opening, Management and Closing Processes

Umpqua Bank refers to MISAs as IDAs due to their product naming. From this point on, IDA may be used interchangeably with MISA, but it does not alter the provided definition of MISA.

IDA Setup Process

1. Establish Master Signature Card Packet - LWDB/subrecipient
 - a. Certification/Resolution
 - b. Certificate of Beneficial Ownership
 - c. Master Signature Card
 - d. Schedule of Accounts
 - e. Appointment/Revocation of Authorized Rep Form
2. Review and sign IDA Agreement - LWDB/subrecipient
3. Account Opening Process – Customer and LWDB/subrecipient
 - a. See attachment C

LWDB Account Management

- SharePoint Site – IDA account management
- Business Online Banking – IDA and business account management
- Local Buddy Branch Support
- Digital Branch – Master Signature Card Management and IDA New Account Request Support

LWDB Closing Account

Request to close account, authorized individual on the Master Signature Card will need to go into to local branch to withdrawal funds and officially close account.



Attachment C: How to Open an Individual Development Account (IDA)/Matched Investment Savings Account with Umpqua Bank

Provider sends referral via email to Umpqua Bank Digital Branch

Steps:

- Provider emails the Umpqua Bank Digital Branch (DigitalBranch@UmpquaBank.com) with request to open an account. The following must be included:
 - Name of Saver
 - Savers contact information
 - Savers preferred method of contact (email or phone)
 - Signed Approval Letter
- Saver may provide personal information to their Provider and have this information passed along to Umpqua Bank, or they may wait for Umpqua Bank to reach out to them to collect their personal information for the new account.
- Saver may choose to sign electronically via DocuSign, or in-person at their local branch.
 - If signing electronically, a valid email address is required. Saver will still be required to make their opening deposit within 30 days of account opening.
 - If signing in person, the Digital Banker will schedule an appointment, and their opening deposit will be collected at signing.

In-person at any Umpqua Bank branch

- Saver may walk into any Umpqua Bank branch and request to open an IDA/MISA account. They should have the following information available:
 - Approval Letter from Provider
 - Primary identification (such as driver's license, state ID, passport, etc.)
- The branch Banker will collect the Saver's information and send the applicable documentation to the Digital Branch.

Saver may choose to:

- Wait in the branch while their account is being opened-
 - Requests are worked on ASAP but may take up to an hour depending on volumes and staffing.
 - The branch will then provide the Saver with their full account number, disclosures, and will collect their opening deposit.
- Leave the branch after providing their information, and wait to receive a confirmation from the Digital Branch-
 - Disclosures will be mailed to Saver's address.
 - Deposit is collected before the Saver leaves and will be placed in their new account once available (within 4 business hours).
 - Digital Branch will send Saver an email confirmation once the new account is in the system.
 - If Saver does not have an email address, the confirmation will be made via phone



Request to open an IDA/MISA account over the phone

- Saver may call the Digital Branch at 844-645-1503 (M-F 8am – 6pm, Saturdays 9am – 2pm PST) to request to open an IDA/MISA account. Please be prepared with the following:
 - Approval Letter – Saver may need to email a copy to the Digital Banker
 - Primary identification information (such as driver's license, state ID, passport, etc.)
- Digital Banker will collect all personal information needed to open the account
- Saver may choose to sign electronically via DocuSign, or in person at your local Umpqua Bank Branch:
 - If signing electronically, a valid email address is required. Saver will still be required to make their opening deposit within 30 days of account opening.
 - If signing in person, the Digital Banker will schedule an appointment and the Saver's opening deposit will be collected at signing.

New Account Confirmation

- The Digital Branch will send a secured email confirmation once the Saver's new account has been opened that contains important details regarding your account.
- If Saver does not have an email address, the confirmation will be made via phone.
- If Saver requested a new account in person and waited at the branch, their confirmation will be given verbally with the in-person Banker at the Branch.

How to make deposits into your IDA/MISA

- Direct deposit - some employers allow a portion of their paycheck to be directly deposited into a separate account. Saver should work with their Human Resources department or employer if they would like more information on this option.
- Monthly in-person cash deposits at their local branch.
- Sending a check payable in Saver's name to their local branch. The full account number must be included in the account the Saver wants it deposited into.
 - Saver will need to work with their local branch to confirm correct mailing address.
- Sending a check through Bill Pay in the Saver's name to their local branch. The full account number must be included in the account the Saver wants it deposited into.
 - Saver will need to work with their local branch to confirm their correct mailing address.

How to check your IDA/MISA balance

- Online Banking access for IDA/MISA is not available. Balance inquiries may be requested via phone by calling our toll-free number at 866-486-7782 or visiting their local branch.

How to withdrawal or close IDA/MISA savings account

- Withdrawal requests must be authorized by the Saver's IDA/MISA Provider. Saver will need to reach out to their IDA/MISA Provider first, obtain the authorization, then visit their local branch to withdraw the funds. IDA/MISA Providers may also send the authorization directly to the branch that will be handling the transaction.



Attachment D: Making a Withdrawal: Steps for Provider and Saver

Option 1: Email

1. Provider calls branch where withdrawal will take place. Search branch locations here.
2. Provider shares that they would like to email the Umpqua IDA/MISA withdrawal form to the branch for the Saver who will be coming in to make a withdrawal.
3. Provider emails completed form to Umpqua email address.
4. Saver visits branch and brings I.D.
5. Saver makes withdrawal.

Option 2: Fax

1. Provider calls branch where withdrawal will take place. Search branch locations here.
2. Provider shares that they would like to fax the Umpqua IDA/MISA withdrawal form to the branch for the Saver who will be coming in to make a withdrawal.
3. Provider faxes completed form to Umpqua email address.
4. Saver visits branch and brings I.D.
5. Saver makes withdrawal.

Option 3: In-person

1. Provider completes Umpqua IDA/MISA withdrawal form and either
 - a. Emails completed form to Saver to be printed or
 - b. Provider prints form and delivers to Saver
2. Provider calls branch where withdrawal will take place to inform them that the Saver will be coming in to make a withdrawal. Search branch locations here.
3. Saver brings completed Umpqua IDA/MISA withdrawal form and I.D. to local branch
4. Saver makes withdrawal.

**Umpqua Associate will call Provider to confirm withdrawal requests over \$2,000.



Attachment E: Umpqua Bank Individual Development Account/Matched Investment Savings Account Withdrawal Request

The IDA/MISA Participant listed below has been approved to make a qualified withdrawal from their IDA/MISA savings account.

Participant Information

Name: _____ Phone number: _____

Mailing Address: _____

City: _____ State: _____ Zip: _____

_____ ID: _____ Exp. Date: _

Participant Signature for Withdrawal

Withdrawal Information

Please withdraw funds from the following account:

Account No. _____ (Participant's IDA/MISA savings account) for \$ _____ or

Balance of the account to close.

Choose One:

Cash Withdrawal

Cashier's check payable to Participant

Cashier's check payable to Third Party: _____
(Name of Payee)

Prepare check for pickup by Participant on: _____

Bank Use Only
Call Back to Provider:
Required for requests over \$2,000 or when the **Umpqua Bank IDA/MISA Withdrawal Request** form is not provided. Refer to **IDA/MISA Withdrawal Sponsor/Provider Verification List**

Call Back Number: _____ Date: _____

Confirmed By: _____ Time: _

Authorization

As an authorized representative of _____ (Fiduciary Sponsor), I authorize Umpqua Bank to complete the withdrawal as indicated

Authorized Representative Signature

Date

Attachment G: Individual Development Account (IDA) Program/Matched Investment Savings Account (MISA)

Financial Institution Partnership Agreement

This IDA/MISA Program Financial Institution Partnership Agreement (the "Agreement") is entered into effective as of the date below by _____ (the "Fiduciary Sponsor") and Umpqua Bank, an Oregon State Chartered Bank (hereafter, "Umpqua"). This Agreement details a cooperative partnership related to the Fiduciary Sponsor's IDA/MISA Matched Savings Program (the "IDA/MISA Program").

WHEREAS:

1. Fiduciary Sponsor Organization Description and Mission

2. Financial Institution Description and Mission
Umpqua is a commercial bank that offers consumer financial services and products, including savings accounts insured by the Federal Deposit Insurance Corporation (FDIC). Umpqua has a stated and demonstrated commitment to the communities in which it does business and recognizes the need to address poverty in these communities.

3. Program Description and Mission
Fiduciary Sponsor has established the IDA/MISA Program to help low-income individuals save money for particular financial goals, such as buying a home, paying for post-secondary education, or starting or expanding a small business. For instance, the IDA/MISA Program offers those who participate in the IDA/MISA Program (each, a "Participant") the opportunity to receive incentive savings matches, personal finance education and coaching to include money management, peer and staff support, and individual counseling. Umpqua has agreed to support the IDA/MISA Program by serving as the depository institution for Participant savings accounts.

4. Intent to Enter Partnership
Fiduciary Sponsor and Umpqua desire to enter the Agreement, in which Umpqua will serve as a partner financial institution for the IDA/MISA Program and a depository of the IDA/MISA Program Participants' savings, for the purpose of supporting the IDA/MISA Program.

NOW THEREFORE, Fiduciary Sponsor and Umpqua both agree to the terms of this Agreement as follows:

1. Scope of Services: Fiduciary Sponsor
Fiduciary Sponsor agrees to provide the following services associated with the IDA/MISA Program:
 - To instruct IDA/MISA Program Participants how to open IDA/MISA Program savings accounts (as described in Section 3 below).
 - To monitor monthly savings activity of IDA/MISA Program Participants, in an effort to help them reach their savings goals.
 - IDA/MISA Programs are designed to promote a participant's financial health and to help the participant achieve certain purposes approved under the IDA/MISA Program (e.g., post-secondary education, job training, extracurricular non-tuition expenses, purchase of a primary residence, capitalization of a small business, the purchase or repair of a vehicle, funds for retirement, etc.) (each, an "Approved Purpose").Despite the foregoing, the Fiduciary Sponsor acknowledges and agrees that Umpqua shall have no duty to investigate whether any Account transactions are, in fact, used or intended for an Approved Purpose, nor shall Umpqua be liable to any party for Account transactions considered inconsistent with the Approved Purpose.

IDA/MISA Program Financial Institution Partnership Agreement, continued

- To cite Umpqua as a key program partner in IDA/MISA Program literature and IDA/MISA Program publicity efforts, subject to Umpqua's Trademark Usage Guidelines described below:
 - Trademark Usage Guidelines

Fiduciary Sponsor must not use the name, trademark, service mark, logo, or other identifying mark of Umpqua (collectively "Trademarks") in connection with the IDA/MISA Program or any sales, marketing, or publicity activities, unless Umpqua consents to such use in advance in writing. Where Umpqua has provided such consent, the Fiduciary Sponsor may use Umpqua's Trademarks solely in accordance with Umpqua's Trademark Usage Guidelines and Quality Control Standards provided to the Fiduciary Sponsor, as the same may be updated by Umpqua from time to time. If the Fiduciary Sponsor is notified in writing by Umpqua that any use does not so comply, the Fiduciary Sponsor must immediately remedy the use to the satisfaction of Umpqua or terminate such use. The Fiduciary Sponsor may not use, register, or attempt to register in any jurisdiction any Trademark that is confusingly similar to or incorporates any of Umpqua's Trademarks. All uses of Umpqua's Trademarks, and all goodwill associated with such Trademarks, will inure solely to the benefit of Umpqua, and Umpqua will retain all right, title, and interest in and to its Trademarks.

- 2. Scope of Services: Umpqua Bank

Umpqua agrees to provide the following services associated with the IDA/MISA Program:

 - To establish interest-bearing savings accounts (as detailed in Section 3 below) for individuals who Fiduciary Sponsor accepts as IDA/MISA Program Participants.
 - To provide data to Fiduciary Sponsor about IDA /MISA Program Participants' savings account activity monthly (as detailed in Section 4).
 - To provide guest speakers for IDA/MISA Program personal and/or business finance and money management workshops as needed, and when Umpqua associates are available.
 - To orient Umpqua associates about the objectives of the IDA/MISA Program and IDA/MISA Program participants' possible need for extra service, assistance, or reassurance.
 - To designate a contact person for the IDA/MISA Program, responsible for coordinating IDA/MISA Program activities.
 - To provide a complimentary client financial review from a local personal banker upon completion of the IDA/MISA program requirements.

- 3. IDA/MISA Savings Account Features

Umpqua will offer savings accounts with the following features to IDA/MISA Program participants:

 - Each IDA/MISA Program Participant savings account will be owned by the IDA/MISA Program Participant and held in a fiduciary capacity by the Fiduciary Sponsor. Accordingly, Umpqua will ensure no withdrawals are made from any Participant's savings account without written consent of the Fiduciary Sponsor.
 - IDA/MISA Program Participant deposits will earn interest at the rate in effect for non-IDA/MISA Umpqua savings accounts.
 - Umpqua Banks regular monthly service charge will be waived for IDA/MISA Program Participants' savings accounts.
 - IDA/MISA Program Participants are not required to meet Umpqua minimum deposit requirements in order to open IDA/MISA Program savings accounts or maintain a minimum balance to avoid any monthly fees or penalties.
 - IDA/MISA Program Participants will not be charged for Cashier's Checks issued from IDA/MISA accounts.
 - Umpqua will offer direct deposit services, if requested, by IDA/MISA Program Participants.

IDA /MISA Program Financial Institution Partnership Agreement, continued

- IDA/MISA Program Participants will have access to their savings accounts through any Umpqua Branch; HOWEVER, activity will be limited to balance inquiries and deposits only, no withdrawals or transfers from accounts without prior written approval from the Fiduciary Sponsor. Umpqua will issue quarterly savings account statements either: 1) mailed directly to the participant; or 2) electronically to the Fiduciary Sponsor via Umpqua's Business Online Banking service.
4. Data Reporting
Umpqua agrees to provide the Fiduciary Sponsor with data each month that will show all account activity for each Participant's account. This data will include (but is not limited to): deposits, interest payments, and authorized withdrawals. In addition, the Fiduciary Sponsor will have the ability to print account statements for any or all Participant accounts via Umpqua's Business Online Banking Service.
 5. Payment
It is understood and agreed that neither party to this Agreement assumes any financial obligations to the other as a consequence of this Agreement. This Agreement does not impose any obligations on Umpqua that are additional to or inconsistent with applicable account agreements, laws, and regulations. To the extent any term of this Agreement is inconsistent with a term found in an Umpqua agreement, including, but not limited to, the Signature Card Agreement or the Rule and Regulations of account ("Umpqua Agreements"), the term(s) of the Umpqua Agreements will control.
 6. Term and Duration
This Agreement shall be in effect from the date of the latest signature below. Changes can be made to this Agreement by mutual written consent. Umpqua may terminate this Agreement at any time immediately upon notice to the Participant and Fiduciary Sponsor.
 7. Indemnification
The Participant and Fiduciary Sponsor agree, jointly and severally, to indemnify and hold Umpqua Bank and its employees, officers, directors, and Fiduciary Sponsor harmless from and against any and all damages, losses, claims, liabilities, and expenses (including a reasonable attorneys' fee) arising from or relating to this Agreement, the Fiduciary Sponsor's authority or activities or transactions with respect to the Account(s), and/or the agency relationship between the Participant and Fiduciary Sponsor, except to the extent such amounts are caused by Umpqua Bank's gross negligence or willful misconduct.
 8. **LIMITATION OF LIABILITY**
UMPQUA BANK'S LIABILITY FOR ANY LOSS, DAMAGE, OR INJURY SUSTAINED BY THE PARTICIPANT OR FIDUCIARY SPONSOR UNDER THIS AGREEMENT SHALL BE LIMITED TO ANY LOSSES, DAMAGES, OR INJURIES RESULTING FROM UMPQUA BANK'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. IN NO EVENT SHALL UMPQUA BANK BE LIABLE FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT, OR PUNITIVE DAMAGES SUFFERED BY THE PARTICIPANT OR FIDUCIARY SPONSOR UNDER THIS AGREEMENT, EVEN IF THE BANK WAS MADE AWARE OF THE POSSIBILITY OF SUCH DAMAGES.

IDA /MISA Program Financial Institution Partnership Agreement, continued

9. Non-Exclusivity

The IDA/MISA Program is offered on a non-exclusive basis and without any commitment from the Fiduciary Sponsor or Umpqua as to the volume of Participants that choose to enroll in the IDA/MISA Program. The Fiduciary Sponsor will not suggest or communicate to any Participant that he or she must choose Umpqua's products or services over the products or services of any other financial institution. The Fiduciary Sponsor will ensure that its staff educates and interacts with Participants on a fully informed, fair, and neutral basis, without regard to any one particular financial institution's products or services. Umpqua and the Fiduciary Sponsor will be free to independently market its existing products and services and to develop and market additional products and services, and to otherwise conduct its business, with or without the IDA/MISA Program.

10. Kickbacks or Charges

For the avoidance of doubt, in no event will the Fiduciary Sponsor or Umpqua pay or receive an improper fee, kickback, or thing of value (e.g., a payment, commission, gift, tangible item, special privilege, etc.) as a result of this Agreement or a Participant's enrollment and participation in the IDA/ MISA Program. All services and products provided as part of the IDA/MISA Program are for the sole benefit of the Participants. The Fiduciary Sponsor and Umpqua acknowledge and agree that the sole purpose of this Agreement is to offer Participants the opportunity to participate in, and enjoy the benefits, of the IDA/MISA Program.

11. Non-Assignment

This Agreement may not be assigned without Umpqua's prior written consent, which may be withheld in Umpqua's sole discretion. However, the Participant may designate one or more payable-on-death beneficiaries for the Account(s) as permitted by applicable state law by delivering a completed Beneficiary Designation Form for IDA/MISA to Umpqua.

12. Authorization

Each individual signing below represents and warrants that he or she is duly authorized to execute this Agreement on behalf of the party indicated.

13. Governing Law

This Agreement will be governed by the laws of the state where the Account(s) are located.

14. Counterparts

This Agreement may be executed in one or more counterparts, including facsimile and/or scanned counterparts, each of which will be deemed an original, but all of which taken together will constitute one and the same document.

Fiduciary Sponsor

Umpqua Bank

Authorized Representative's Signature

Bank Officer's Signature

Signer's Name and Title (Please Print or Type)

Officer's Name and Title (Please Print or Type)

Sponsor Name (Please Print or Type)

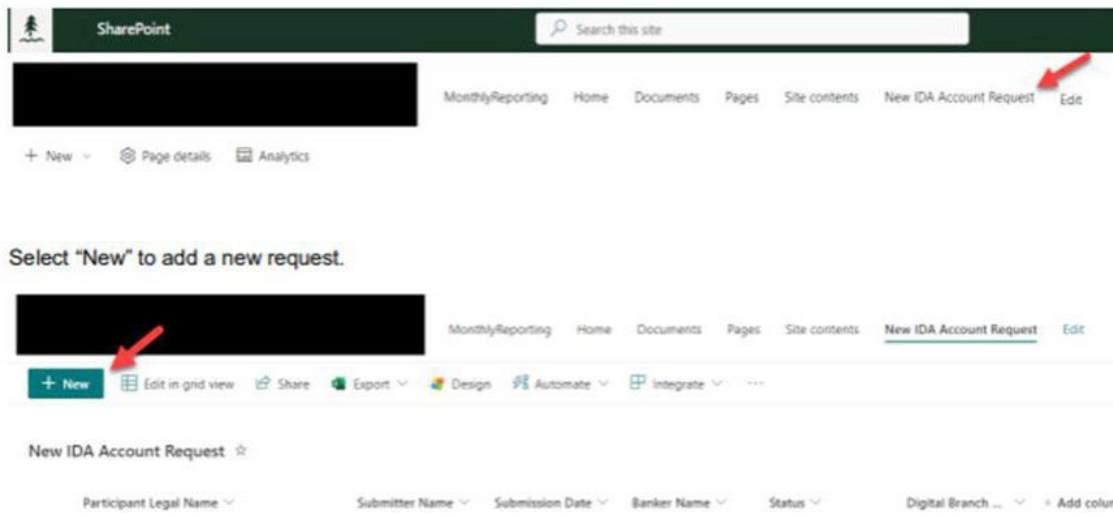
Department Name (Please Print or Type)

Attachment H: IDA New Account Request SharePoint

Individual Development (IDA) New Account Request via SharePoint

Navigate to your Provider Umpqua SharePoint page.

Select the "New IDA Account Request" at the top of the page.



Select "New" to add a new request.

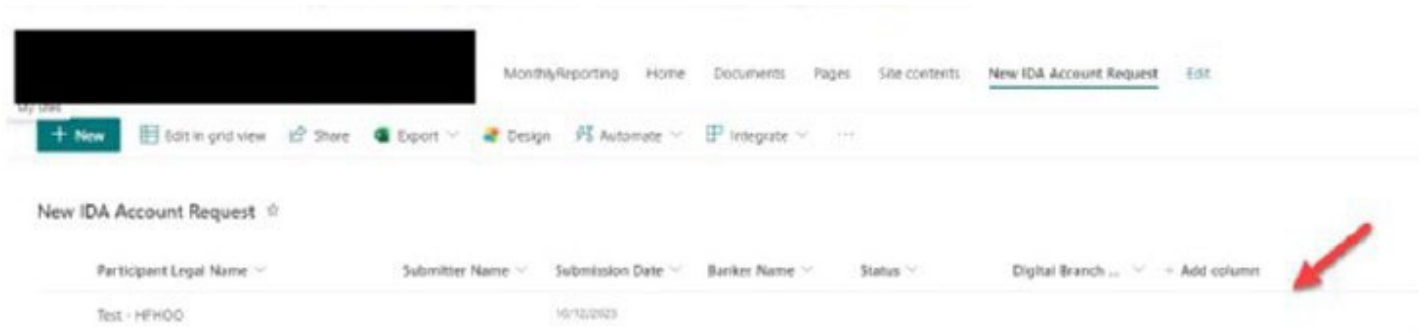
Complete the applicable fields for the New Account Request

- Saver Legal Name: Enter Saver's name.
- Submission Date: Enter the date you are submitting the request
- Submitter Name: Enter your own name.
- How is Umpqua receiving the saver's personal info for the account: Select the applicable option.
 - Phone – Select this option if the Banker needs to call the Saver to collect their personal info.
 - Provider – Select this option if you will be attaching the completed IDA Saver Information Form to this request.
 - NOTE: Do not submit a SharePoint request if the Saver will be going into their local Branch to open the account. The Saver MUST bring their Authorization Letter with them to the branch. For this option, nothing will be recorded in SharePoint, such as status updates, comments/notes, account number, etc.
- Saver Phone Number: Required if Banker needs to reach out to the Saver.
- Saver Email Address: Required if Banker needs to reach out to the Saver, or if the Saver will be signing via DocuSign.
- Provider Notes to Digital Branch: Add any applicable notes the Banker/Umpqua Bank will need to know in order to open the account.
- Banker Name: Do not place anything in this field.
- **Status:** Do not update the status. Leave "new" which will notify the Digital Branch Banker to work the request.
 - Providers may update the status to "Expired" if the account is not completed, and the Authorization Letter expires. In this case, add a note in the Provider notes section, update the status to Expired, and submit a new request with an updated Authorization Letter.
- Digital Branch Notes: Do not add any information in this field. Check this field periodically to see notes from the Banker.



- Account Number: Do not add any information in this field. The Banker will add the new account number in this field once the account has been opened (not necessarily funded).
- Attach the following documents:
 - Completed IDA Saver Information Form (if applicable)
 - Authorization Letter - Confirm the letter is not expired and that it's signed by an authorized Individual.
- Select "Save" to submit the request.

Once the request has been submitted, you will see the request added to the list.



A notification email will be sent to the Umpqua Bank Digital Branch, and they will update their applicable fields and the status accordingly.

The Digital Branch Banker will do their best to get the account completed and funded ASAP, but ultimately it is the Provider's responsibility to follow up with the Saver to fund their account.

The Digital Branch will begin processing new IOA Account Requests within 4 business hours. They will update the status and notes on the SharePoint item accordingly. Providers should refer to the status and notes for updates.

If you have questions regarding your IDA Account Request, please contact Taylor Root by phone at 541-440-7568 or email at taylorroot@umpquabank.com. If Taylor is out of the office, please email DigitalBranch@UmpquaBank.com.