

A Better Life (ABL) Program

Escrow Information for Tenants

ESCROW DEPOSITS

Eligible for Monthly Escrow Deposit

In order to get a monthly deposit in your escrow account, your household must:

- ✓ Currently be receiving **more** earned income (wages/salary) than your baseline earned income when you enrolled in ABL, such that your tenant rent is higher than it was at baseline; and
- ✓ Be either **current on all rent payments** (including this month's rent) or in compliance with an approved repayment plan¹; and
- ✓ **Not** be in violation of your lease; and
- ✓ Be **in compliance** with the ABL program, meaning at least one adult (ages 18 to 55) in your household is:
 - Working, attending school, and/or volunteering for a monthly average of **15-29 hours per week** AND meeting with a coach at least **monthly** in person or over the phone
 - OR
 - Working, attending school, and/or volunteering for a monthly average of **30 or more hours per week** AND meeting with a coach at least **quarterly** (once every 3 months) in person or over the phone; and
- ✓ Have signed the revised ABL Lease Addendum issued in Summer 2022

If your household meets all five of the criteria above in a given month, a deposit will be made in your escrow account. The amount will be calculated based on the difference between your baseline and current rent.

Not Eligible for Monthly Escrow Deposit

Your household will **not** qualify for a monthly escrow deposit if any of the following are true:

- No household members currently have earned income.
- Your household's total earned income amount is lower than it was at baseline.
- Your household's tenant rent share is lower than it was at baseline.
- No household members are working, attending school, and/or volunteering for at least 15 hours/week on average.
- At least one household member is working, attending school, and/or volunteering for a monthly average of **15-29 hours per week** but they have **not** been meeting with a coach at least **monthly**.
- At least one household member is working, attending school, and/or volunteering for a monthly average of **30 or more hours per week** but they have **not** been meeting with a coach at least **quarterly** (once every 3 months).
- You have an outstanding rent balance and/or are not in compliance with an approved repayment plan.
- You are currently in violation of your lease (for example, back rent owed, unauthorized guests).
- You did not sign the revised ABL Lease Addendum issued in Summer 2022.

¹ In general, participants need to pay rent on time, in accordance with the lease agreement, in order to have monthly escrow deposits. With prior written approval by the Director of Resident Services (or equivalent), a participant may continue to make monthly escrow deposits while the participant is making timely payments of rent arrearages pursuant to an approved repayment plan.

If any one of the above is true in a given month, your household will not get an escrow deposit that month. If you earned escrow deposits in previous months, those funds will remain in your account even if you are currently ineligible for new deposits.

EXAMPLE 1

- The household is eligible for \$100 in escrow each month.
 - The household’s earned income stays the same all year.
 - The household remains compliant every month of the year.
- The household would earn a total of **\$1,200** in escrow that year.

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Compliant?	Yes	\$1,200											
Deposit	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	

EXAMPLE 2

- The household is eligible for \$100 in escrow each month.
 - The household’s earned income stays the same all year.
 - However, the household is non-compliant in March, April, May, and September (for example, they did not meet with their coach or they didn’t pay their rent on time).
- The household would earn a total of **\$800** in escrow that year.

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Compliant?	Yes	Yes	No	No	No	Yes	Yes	Yes	No	Yes	Yes	Yes	\$800
Deposit	\$100	\$100	\$0	\$0	\$0	\$100	\$100	\$100	\$0	\$100	\$100	\$100	

EXAMPLE 3

- The household remains compliant every month of the year.
 - The household’s earned income increases in July, so the escrow deposit amount increases from \$100 to \$150 per month starting in July.
- The household would earn a total of **\$1,500** in escrow that year.

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Compliant?	Yes	\$1,500											
Deposit	\$100	\$100	\$100	\$100	\$100	\$100	\$150	\$150	\$150	\$150	\$150	\$150	

Escrow Cap

- No household can accrue more than **\$25,000** in escrow (including funds that have been withdrawn) during their time in the ABL program. Once a household has accrued a total of \$25,000 in escrow, no additional escrow deposits will be made, even if the household previously withdrew some of the funds and the current escrow balance is less than \$25,000.
- The \$25,000 cap does not include interest.

Communication

- Escrow account information will be communicated to participants annually in a statement that shows the total amount of escrow accrued since the beginning of ABL, as well as the current escrow balance (which would be the total escrow funds accrued minus the total escrow funds withdrawn/disbursed.)
- In addition to the annual statements, escrow information may be shared informally during coaching meetings.

INTERIM ESCROW WITHDRAWALS

Households with money in their escrow account may request an **interim withdrawal** of funds. This is different from a disbursement of all funds at the end of the program (see “Final Escrow Disbursements”).

Who is eligible to withdraw escrow funds?

Households that meet the following criteria are eligible to withdraw escrow funds:

- ✓ **Escrow Funds Available:** The household must have funds in their escrow account.
- ✓ **Current on Rent:** The household must be either current on all rent payments or in compliance with an approved repayment plan.
- ✓ **Good Standing with LHA:** The household must be in good standing with the LHA (i.e. no current lease violations or court proceedings).
- ✓ **Coaching Requirement:** At least one adult in the household must be meeting consistently with an ABL coach either monthly (if no one in the household is working 30 hours per week or more) or quarterly (if at least one household member is working 30 hours per week or more).

How much money can be disbursed, and how often?

Withdrawals cannot exceed **30% of the available escrow balance** and can only be made **once during a six-month period**. If 30% of the available balance does not cover the demonstrated need for the interim disbursement, then the participant may request an exception for the disbursement to be higher; such request must be approved in writing by the Director of Resident Services (or equivalent).

Can escrow funds cover the full cost of the item/bill?

The family will be required to pay a portion of the overall cost of the related item being requested.

What can escrow funds from interim withdrawal be used for?

Using their service plan as a guide, participants should use their escrow funds to further their housing, employment, and financial goals.

Examples of eligible uses for interim disbursements include:

- Textbooks, fees, computers, and other educational expenses not covered by grants
- Testing or licensing fees needed to access employment or education
- Tools, supplies, or other items needed to enter the workforce (e.g., business attire, uniforms)
- Car repairs needed to get or keep a car on the road in order to maintain employment or remain in school
- Transportation assistance, including public transit passes
- Emergency childcare expenses in order to maintain employment or remain in school

Interim disbursements cannot be used for utility arrearages, storage fees, or back rent unless approved by EOHLC.

What is the process for interim escrow withdrawals?

1. The head of household submits a written request that includes the following information:
 - A household budget
 - The amount of escrow funds requested
 - The amount of money the participant will be contributing
 - How the escrow funds will be used
 - How this will facilitate the household's progress toward self-sufficiency
 - Alternative funding sources the participant has tried to access (and the outcome)
 - Documentation showing the cost of the item that escrow funds will contribute toward (e.g., tuition bill, credit report)
2. The ABL coach discusses the appropriateness of the request during a regularly scheduled coaching meeting with the participant. ABL staff reserve the right to request that the participant attend a meeting for clarification of the withdrawal request and/or submit additional documentation before a final determination is made.
3. The decision to release escrow will be made by the Director of Resident Services (or equivalent) and will be based on the criteria outlined in this guidance. The decision of the Director of Resident Services cannot be appealed. If the withdrawal request is denied, the participant will be given a written response outlining the decision.
4. In instances where the request is approved, the LHA will pay the vendor directly for the approved use.

Do escrow funds that get withdrawn count toward the escrow limit of \$25,000?

Yes, funds previously escrowed but withdrawn through interim escrow disbursements count toward the escrow limit of \$25,000.

FINAL ESCROW DISBURSEMENTS

When can households receive all of their escrow funds?

Households participating in ABL will be eligible to receive their full escrow balance when they successfully complete their participation in the ABL program, either a) within the final four months of the ABL program or b) sooner, if the participant has met the main goals of their service plan, so long as they satisfy the requirements set forth below.

If a household accesses their full disbursement prior to the end of the ABL program, the household must remain compliant with the ABL requirements for the remainder of the program, meaning either a) at least one adult household member is working, attending school, and/or volunteering for 30 or more hours per week or b) at least one adult household member is meeting with a coach once a month.

Who is eligible for a final escrow disbursement?

Households that meet the following criteria are eligible to withdraw escrow funds:

- ✓ **At End of ABL Participation:** The household must be at the end of their participation in the ABL program, meaning either the ABL program at the LHA will be ending within four months or the participant has met the main goals of their service plan.
- ✓ **Current on Rent:** The household must be either current on all rent payments or in compliance with an approved repayment plan.
- ✓ **Good Standing with LHA:** The household must be in good standing with the LHA (i.e. no current lease violations or court proceedings).
- ✓ **Coaching Requirement:** At least one adult in the household must have been meeting consistently with an ABL coach up to that point, either monthly (if no one in the household is working 30 hours per week or more) or quarterly (if at least one household member is working 30 hours per week or more).

Note: If the household previously had household members who were employed but no one in the household is employed when the ABL program ends, the household will still be eligible for their escrow disbursement so long as they meet the rest of the criteria above and are making progress toward the goals in their service plan.

Are there restrictions on how households can spend their escrow funds?

Households will be required to use their escrow savings in some combination of the following (or related) asset development strategies:

1. **Credit Repair:** Participants may use some or all of their escrow savings to pay creditors in conjunction with other credit repair activities that have been undertaken during participation in ABL.
2. **Homeownership:** Escrow savings can be used for down payments, closing costs, or repairs that were identified in pre-purchase inspections on a property (with the repairs taking place after purchase).
3. **Small Business** start-up or expansion.
4. **Retirement Savings Accounts:** Escrow savings can be used to fund retirement savings accounts.
5. **Education Tuition or Education Savings Accounts** such as U. Fund College Savings or Massachusetts 529 plans or other state/federal tax deferred savings vehicles for the graduates or their dependents.
6. **Emergency Savings:** no more than six (6) months of emergency savings (this means a maximum of six months of living expenses). The amount of emergency savings will vary by participant based on household composition, rent assistance type and amount, and other individual family expenses and circumstances and will be determined with the family and LHA staff.
7. Other expenses related to career advancement and housing goals as determined by coach and approved by the LHA's Director of Family Services (or equivalent).

What is the process for final escrow disbursements?

1. At least six months prior to the end of the ABL program (or the end of the household's participation in ABL), participants should meet with their ABL coach and develop a plan for the balance of their escrow in accordance with the uses described above.
2. Beginning four months prior to the end of the program (or the end of the household's participation in ABL), the LHA may issue payments to vendor(s) on the participant's behalf in accordance with the plan discussed with the participant. In the case of emergency savings, the LHA may release funds to the participant directly.

Once all the escrow funds are disbursed, can a household continue to escrow a portion of their rent?

No, upon full disbursement, the household will no longer be eligible to escrow a portion of rent under the ABL program.

What happens if the household is exiting public housing?

A lease termination will result in termination from the ABL program. Participants who are terminated from ABL **involuntarily** as a result of lease termination will not receive access to their escrow funds.

In the event that a participant leaves the program early because they are **voluntarily** moving to a new location and they have been an engaged participant in ABL and have met the main goals in their service plan, the participant will be eligible to receive the balance of their escrow (as reduced by any amounts then owed under the lease, including amounts owed pursuant to a repayment plan). The escrow balance must still be used for the eligible uses described above for full-term graduates.