

ABL Escrow Process & Procedure

Establishing Escrow Accounts

ABL is a self-sufficiency program that aims to improve the economic mobility of residents through case management, partnerships with local service providers, a work requirement, and an escrow account. As earned income increases, a participant would be eligible to escrow the difference in their rent calculation from their initial baseline rent. Every household is eligible to escrow up to a **\$25,000** max in funds. Escrow accounts are managed monthly with deposits based on a participant's timely rental payment. Records of interest accumulation along with deductions and credits will also be documented and applied to a participant's account. Escrow account information will be communicated to participants annually in a statement that shows monthly balance and total balance. In addition, the information will be shared informally quarterly in the coaching sessions.

Disbursements of Escrow Accounts

Using their Service Plan as a guide, participants should be encouraged to plan for the use of their escrow account to further their housing, employment and savings goals. All households with an escrow account that are in compliance with the program will be able to access the funds at the end of the three years of the ABL program. Households are also allowed to request interim disbursements; interim disbursements must be approved in writing, by the Director of Family & Resident Services, and funds must be used for continuing growth and for reaching the goals articulated in the participant's service plan. Withdrawals can only be made once during a six-month period and, absent special approval, are restricted to 30% of the available balance. 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 Family & Resident Services. The family will be required to pay a portion of the overall cost of the related item being requested. Examples of eligible uses for interim disbursements include: books, fees, computers and other educational expenses not covered by grants; car repairs needed to get or keep a car on the road in order to maintain employment or remain in school; emergency childcare expenses in order to maintain employment or remain in school; testing or licensing fees needed to access employment or education; tools, supplies or other items needed to enter the workforce (i.e. business attire, uniforms, work boots, etc.); transportation assistance including train, bus, or MBTA passes.

Interim disbursements cannot be used for utility arrearages, storage fees, back rent, or expenses of other household members. Amounts previously escrowed but withdrawn through interim escrow disbursements count toward the escrow limit of \$25,000. However, a participant can replace the funds they took out from an interim escrow disbursement.

Interim Withdrawal Procedure

The head of household must submit a budget in addition to a written request for an interim withdrawal. The request must include:

1. The amount of money requested;
2. How the funds will be used;

3. The amount of money the Participant will be contributing;
4. How this will facilitate their movement toward self-sufficiency;
5. An assessment of their progress on their self-sufficiency goals;
6. Alternative funding sources they have tried to access either with success or not; and
7. Documentation of expenses.

The Family Life Coach (FLC) must discuss the appropriateness of the request during a regularly scheduled coaching meeting. The program reserves the right to request that the participant attend a meeting for clarification of the withdrawal request before a determination is made and/or require additional documentation prior to making a decision.

The decision to release escrow will be made by the Assistant Director – Resident & Support Services and will be based on the criteria below for escrow uses and will be denied if the request does not fit the criteria. The decision of the Assistant Director – Resident & Support Services response to the request to withdraw escrow cannot be appealed. If the withdrawal request is denied, the participant will be given a written response outlining the decision. In instances the request is approved GHA will pay the vendors directly for specific approved uses.

Accessing Escrow Balance

The Participant will be eligible to receive the escrow balance in full when they successfully complete their participation in the ABL program, either on the date that the three year ABL program ends at GHA or, if sooner, when the Participant has met the goals of their Service Plan, so long as they satisfy the requirements set forth on Attachment [A]. If escrow disbursement is accessed prior to completion of the three-year ABL program, Participant will continue to remain obligated to comply with program requirements for the remainder of the three-year ABL program). If the ABL program at GHA continues beyond the prescribed three years the resident can choose to roll over the escrow funds and continue escrowing for a total of five years to the cap of \$25,000. The Participant will be required to use the 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 required credit repair activities that have been undertaken during program participation.
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).

7. *Other expenses* as related to career advancement and housing goals as determined by coach and approved by Director of Family & Resident Services of the housing authority.

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 Family & Resident Services, 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. A lease termination will result in termination from the program. Participants who are terminated from the program involuntarily as a result of lease termination will not receive access to their escrowed funds.

As part of the preparation for completion participants will meet with the FLC in a regularly scheduled quarterly meeting at the start of their last year of participation in ABL. During this meeting participants will create a plan for the balance of their escrow in accordance with the uses described above. The GHA is responsible for paying vendors in accordance with the escrow plan. In the case of emergency savings GHA may release funds to the participant directly. 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 the housing authority staff.

In the event that a participant leaves the program early, because they are moving to a new location and have been an engaged participant within GHA ABL and have met goals in accordance with their service plan; that 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. This balance must still be used as described above in this section for full term graduates.

Viewing Escrow and GHA Process

GHA uses its PHA-web software program to enter and track all escrow adjustments. The following identifies the location of viewing a participant's escrow earnings and process:

PHA-web General Certification Process – FSS/ABL

For instructions on how escrow will be calculated see attached instructions.

Attachment [A]

Conditions to Access Full Escrow Balance

Upon approval by the Director of Family & Resident Services, Participants who completed all goals and met all ABL program requirements shall be permitted to access their full escrow balance on the following terms and conditions. Escrow payout may occur while a Participant continues to remain in their State Public Housing unit or if a Participant chooses to relocate from State Public Housing.

1. In all cases, in order to access the full escrow balance, a Participant must be in “good standing” as a tenant with GHA. This means that:
 - a. Participant either is current in all rental payments or is in compliance with an approved repayment plan; and
 - b. GHA has not sent Participant a notice of lease default that remains uncured.
2. In all cases, upon full disbursement, the Participant household will no longer be eligible to escrow a portion of rent under the ABL escrow program.
3. Based on the structure of the ABL program at GHA, the ABL Program Participant(s) in a Household who are required to have completed all goals and met all ABL program requirements shall include:
 - a. The Head of Household (HOH); or
 - b. All Adult Members of Household (AHM); or
 - c. A Member of Household who is not the HOH, when HOH is disabled or exempt (MOH).

A HOH who is disabled or otherwise exempt who chose to participate in the ABL program shall be deemed to have met ABL employment requirements based on the SSI standard rather than the GHA’s usual ABL standard.

4. If the Participant household will remain in the unit, then disbursement is contingent on the following:
 - a. Depending on the requirements of the GHA under its ABL Program: either the head of household (HOH), all adult members of the household (AHM), or another participating member of the household where the HOH is disabled and exempt, must have met the program requirements, completed all goals.
 - b. The HOH, AHM or MOH (as applicable under the requirements of the GHA must continue to meet ABL program requirements during the initial three year ABL term as a condition of continued occupancy. If the payment is to be made to a member of the household other than the HOH, the HOH must sign an agreement granting permission to GHA to pay out any escrow amount to the other MOH.

5. If the Participant household chooses to relocate from State Public Housing, disbursement is contingent on the following:
 - a. Depending on the requirements of the LHA under its ABL program, either the HOH and/or AHM or MOH must have met all program requirements and completed all goals.