

# Appendix K:

## Financial Institution Partner Agreements

The AFI program specifies some parameters that must be included in the agreement with the participating financial institution. Other elements are optional and foster smooth coordination of the financial and program functions of AFI projects. Following are suggested elements to include in agreements between AFI Projects and financial institution partners:

- Statement that the AFI Project Reserve Account will be maintained on deposit in the financial institution.
- Statement that the financial institution is Federally insured (preferable) or state insured.
- Details about how the IDA accounts will be established in the financial institution through written governing instruments, including the requirements for deposits (by cash, check, money order, or electronic transfer) and withdrawals (signature of the account holder and of a responsible official of the grantee required).
- Specific information on how, when, and where participant deposits will be made.
- Details on how and when matching contributions will be allocated for individual participants after enrollment and subsequently tracked in the Project Reserve Account.
- The rate(s) of interest to be paid on amounts in the Project Reserve Account (if it is an interest-bearing account) and on the amounts in participant IDAs.
- The rate and frequency of interest payments on accounts, including interest on the matching funds from the Project Reserve Account.
- Statement that the accounting procedures to be followed will conform to guidelines established by Office of Community Services.
- Details on the data and reports that will be furnished to the AFI Project concerning the Project Reserve Account and IDA accounts, such as monthly balances and distribution of interest.
- Explanation of the nonfederal cash contribution or other financial commitment, if any, being made by the financial institution for deposit in the Project Reserve Account or elsewhere, and the schedule of deposits of such contribution(s).
- Explanation of other services to be provided by the financial institution(s) specific to the project, such as financial education, waiver of customary fees, favorable pricing on fees, location of services or financial institution personnel in community facilities, or assistance in the recruitment and support of AFI Project participants in the pursuit of project goals.
- Name of primary financial institution representative with whom the project representative will communicate concerning any challenges or changes that may become necessary.
- A time frame for the agreement and a process for making changes if needed.

There is only one Project Reserve Account, but there may be multiple financial institutions holding participant IDA accounts. Here is one example of a financial institution partner agreement that incorporates many of these suggested elements.

## Sample Financial Institution Partner Agreement

Keep in mind that this is just a sample. The financial institution (bank or credit union) may be willing to accept all of these provisions, but some will not. Be ready to modify this to make it work. Do not let lack of cooperation from a bank become a barrier to your project design.

(Note: On these sample forms, the term “AFI Project Agency” refers to the grantee. The term “AFI Project” refers to the grantee’s IDA initiative. You probably will want to replace that term with the grantee organization’s name and/or the name of its IDA initiative.)

**Name of Bank** is making a nonfederal cash contribution as well as an in-kind contribution to the **AFI Project Agency**. The details of this commitment are as follows:

1. **Name of Bank** shall hold a Project Reserve Account, in the name of **AFI Project**, which shall include both the nonfederal cash contribution and the Federal grant funds.
2. **Name of Bank** agrees to deposit, as soon after receipt as is practicable, into the Project Reserve Account all funds provided to our bank from public or private sources in connection with the AFI Project and any investment proceeds from the Project Reserve Account.
3. The Reserve Fund shall accrue interest on a monthly basis at a rate of \_\_\_%.
4. Each IDA savings account shall be opened when an approved AFI participant comes to a designated location (street address of **Name of Bank**) and presents an account form, signed by the applicant and the AFI Project coordinator, and an initial deposit of at least \$\_\_\_ to a teller or bank manager. The account form shall include the participant's name, address, telephone numbers, Social Security number, asset goal, total savings goal, monthly savings goal, and method of payment (cash, check, money order, or electronic transfer).
5. The IDA savings accounts shall be regular interest-bearing savings accounts, held in the name of the participant, and shall accrue interest on a monthly basis at \_\_\_% (subject to change due to periodic rate adjustments made by the bank at its discretion and with prior written notice to the **AFI Project**).
6. After the IDA account is opened, participants who make deposits by check or money order may make deposits at any **Name of Bank** location by coming in or mailing the deposit. Cash deposits can be made at any location but may not be mailed. Deposits must be made before 4 p.m. on the last working day of the month; otherwise, the deposit shall be reflected on the next month's statement.
7. A participant must present an **AFI Project** authorized withdrawal form, signed by the participant and **AFI Project** coordinator before the participant's share and match share will be issued to the designated third party toward an authorized withdrawal. This form shall include the name of the vendor to whom the cashier's checks will be written and the accurate amounts of the participant's share and the match share plus interest earned.
8. The **AFI Project agency** shall be responsible for tracking all monthly matches and interest accrued to each participant. Since all matching funds are held in the Project Reserve Account, the matching funds plus interest accrued will be issued from the bank only when a participant supplies a completed authorized withdrawal form to the bank and only for the amount stated on that form.

9. **Name of Bank** shall supply **AFI Project agency**, free of charge, with a monthly statement or spreadsheet reflecting the deposits, withdrawals, and interest accrued in both the Project Reserve Account and participants' IDA accounts. Each participant shall receive, free of charge, a monthly or quarterly statement, which shall include their deposits, withdrawals, and interest accrued...
10. **Name of Bank** is making a nonfederal cash commitment to the **AFI Project**, contingent upon award of an AFI grant, of \$\_\_\_\_\_ to match the Federal AFI grant funds. The funds shall be contributed as follows: \$\_\_\_\_\_ in 200\_, \$\_\_\_\_\_ first quarter 200\_, \$\_\_\_\_\_ first quarter 200\_, and \$\_\_\_\_\_ first quarter 200\_.
11. In addition to the donated funds, **Name of Bank** shall also provide trained bank employees to assist with financial education, which is an estimated in-kind value of \$\_\_\_\_\_ per hour per employee. **Name of Bank** shall implement staff training and policy and procedure development for IDA accounts at an estimated in-kind value of \$\_\_\_\_\_. The bank will allow **AFI Project agency** to use the conference rooms during or after business hours at an estimated rate of \$\_\_\_\_\_ an hour as in-kind. **Name of Bank** also commits to waive fees customarily associated with opening savings accounts and monthly service fees for an interest-bearing savings account for the Project Reserve Account and the IDAs, which is an estimated in-kind value of \$\_\_\_\_\_ for approximately \_\_\_ participants.
12. In addition to the nonfederal cash contribution, the total in-kind estimates are valued at \$\_\_\_\_\_ over the next five years.
13. **Name of Bank** complies with FDIC accounting regulations, reporting quarterly and annually, and will comply with any additional financial reporting requirements of the Office of Community Services. **AFI Project agency** follows government auditing standards: OMB circular A-110 (Uniform Administrative Requirements for Grants and Agreements for Non-Profit Organizations) and A-122 (Cost Principles for Non-Profit Organizations).
14. This agreement shall be effective from the beginning date of the **AFI Project Agency's** grant award through the closing date of the project period specified in the award, unless modified by consent of **Name of Bank** and **AFI Project Agency**.
15. Other terms of this agreement may be modified by consent of both **Name of Bank** and **AFI Project Agency**.
16. All terms shall be consistent with the laws applicable in this State and with AFI policies as described in the Assets for Independence Act or other guidance issued by the Office of Community Services, Administration for Children and Families, U.S. Department of Health and Human Services.

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Signature: Authorized Financial Institution

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Date

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Signature: **AFI Project Agency**

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Date