

## INSTRUCTIONS TO REQUEST A PARTICIPANT LOAN

1. Review and complete the loan application form.
2. If you are married, have your spouse read and sign Part B in the presence of **either** a Notary Public or Plan Administrator (employer).
1. Submit the completed form(s) to your Employer for approval. Usually, it will take about 2 weeks to complete the loan process and for you to receive the loan check.
2. Please note that there will be a fee associated with processing the loan. See your employer for details.

For more information regarding your Plan's loan provisions, read your Plan's Summary Plan Description or request a copy of the Summary of Participant Loan Provisions from your Employer.

## LOAN APPLICATION SECURED BY VESTED INTEREST

**Company Name:** \_\_\_\_\_

**Plan Name:** \_\_\_\_\_

**NAME OF BORROWER:** \_\_\_\_\_

**ADDRESS:** \_\_\_\_\_

**SOCIAL SECURITY #:** \_\_\_\_\_ **DATE:** \_\_\_\_\_

In this application, the word "Borrower" means the Plan Participant identified above. The word "Lender" means the plan.

The Borrower hereby makes application to borrow certain amounts from his/her vested account balance in the plan. In making this application, the Borrower understands and agrees to the following conditions:

- Maximum Amount of the Loan:** The Plan generally limits the total outstanding amount which may be borrowed by a Participant to the lesser of the following:
  - 50% of the participant's vested account balance; or
  - \$50,000 reduced by the participant's highest outstanding loan balance within the last 12 months.

Borrower acknowledges that the Administrator will determine the maximum amount that may be borrowed under this or any other condition of the plan and, if less than the amount requested, no more than the maximum permissible loan available to the Participants will be approved.

- Type of Loan and Different Repayment Requirements for Each:** The following types of loans are available:
  - ( ) General purpose loans, which are available for any purpose and which must be repaid by equal payments consisting of principal and interest, over a period not exceeding 60 months (5 years).
  - ( ) Residential Loans, which are only used to buy the participant's primary residence and which must be repaid with equal payments consisting of principal and interest over a period not exceeding the length of the mortgage. A copy of the purchase agreement must accompany this application if this is a residential loan.
- Loan Interest Rate:** Borrower understands that the loan will bear interest at a rate which is determined by the Prime Rate, in effect at the time you request your loan plus 1%.
- Loan Repayment:** Borrower understands that the loan must be repaid by payroll deduction while actively employed with the Employer. The repayment will be reinvested in the same way that current contributions to the Borrower's account are invested.
- Loan Acceleration/ Default:** Borrower understands that if the Borrower defaults on the loan repayment, the entire remaining balance of the loan will become due and payable.

Default will take place if any of the following events occur: (1) You fail to make any payment under this Note within 90 days of its due date plus any grace period allowed under the terms of the Plan; (2) You fail to perform any of the agreements of the Promissory Note; (3) You make any statement or furnish any information to the Plan which proves to have been false in any material respect when made or furnished; (4) You die or terminate employment (unless the Plan allows you to continue payments beyond termination.)

Remedies After Default: (1) the entire unpaid balance of the Loan is immediately due and payable; (2) At the time a distributable event occurs, the amount you owe under the Note will be deducted from amounts you are entitled to under your Account.

6. **Promissory Note:** Borrower understands that the Lender will require the Borrower to sign a promissory note giving the Lender a security interest in the Borrower's present account balance under the Plan.
7. **Tax Consequences:** Borrower acknowledges that neither Lender, the Administrator nor the Plan make any representation as to any tax results from borrowing money from the Plan or as a result of enforcement of the Note. Borrower understands that any borrowed principal that is not repaid as promised maybe treated as a distribution from the Plan to the Borrower for which taxes and possible penalties are owed. Borrower agrees to be solely liable for payment of the resulting taxes and understands that the plan will not withhold any taxes for any such deemed distribution
8. **Specific Loan Requested:** Understanding the conditions above, the Borrower hereby applies for a loan from the Plan in the following particulars:
- Amount of Loan: (Minimum of \$1,000.00)**
- ( ) \$ \_\_\_\_\_ ( ) Maximum amount now available under the Plan
- Purpose of Loan** ( ) General Purpose Loan ( ) Residential Loan
- Term** \_\_\_\_\_ Year(s) and \_\_\_\_\_ Month(s) paid
- Payroll Frequency** ( ) monthly; ( ) semi-monthly; ( ) weekly; ( ) bi-weekly; ( ) quarterly
9. **Loan Fees:** I am aware that there is a \$250.00 loan documentation fee and \$50/yr loan maintenance.

**SIGNATURE**

**Signature of Borrower:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Approved By:** \_\_\_\_\_ **Date:** \_\_\_\_\_  
(Employer's Signature)

**PART B - Spousal Consent (if applicable)**

I, \_\_\_\_\_, certify that I am not legally married.

**Borrower's Signature** \_\_\_\_\_ **Date:** \_\_\_\_\_

I \_\_\_\_\_, hereby certify that I am the spouse of the Participant and hereby consent to this loan request and understand that if the loan is not repaid in full, any amounts which I may otherwise be entitled to receive from the plan in the form of a survivor annuity will be reduced by the amount of the unpaid loan balance.

**Signature of Spouse:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Witnessed by:** \_\_\_\_\_  
(Plan Administrator or Notary Public)

**Approved:** \_\_\_\_\_ **Date:** \_\_\_\_\_  
Plan Administrator