

# LOAN APPLICATION PROCESS

Your Plan may allow loans to be made to participants within certain limits. The participant must complete a promissory note for all loans. Since the rules relating to loans are complex, you should always consult legal counsel or your Plan advisor prior to making a Plan loan. Violation of the rules governing Plan loans can result in severe penalties.

**Participant must complete all applicable Loan forms as follows:**

**PLAN LOAN APPLICATION** - Must be completed with all requested information and signed by the Participant. A Plan Representative must approve the application and sign at bottom of form. If you send the forms to EIP without authorization, EIP will obtain signature, however it will delay processing time.

**IRREVOCABLE PLEDGE AND ASSIGNMENT** – Must be completed, dated and signed by participant.

**PROMISSORY NOTE** – Must be completed, dated and signed by participant.

**SPOUSAL CONSENT** – This form is required for all Money Purchase Plans or plans that have transferred pension plan assets at the employer level. Must be dated and signed by spouse. Spouse's signature must be witnessed by Plan Representative or Notary Public.

**TRUTH-IN-LENDING DISCLOSURE STATEMENT** – Must be completed for large plans. Usually applies to plans that process more than 25 Participant loans annually. Please check with your plan representative to determine if this form is required. Most small plans are exempt from this requirement.

**Any incomplete forms will be returned by mail without processing. Please review to make sure all forms are completed and signed.**

**Loan distribution requests will be reviewed for good order and processed as received but may take 2-4 weeks for receipt depending on approval and processing timing of investment company.**

**All loans taken from a retirement plan must pay back the loan through payroll deduction on a timely basis. Any Loan not paid in accordance with the amortization schedule may be considered a taxable event which means you may be required to pay any applicable taxes and penalties on the unpaid amount.**

**If the plan allows one loan and you already have a outstanding loan balance you will be required to pay the balance of the existing loan before obtaining a new loan.**

**You should review your Summary Plan Description for information on loan distributions.**

# PLAN LOAN APPLICATION

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

**Purpose:**  General  Housing **Marital Status:**  Single  Married  Widowed

**Date of Last Valuation:** Daily Valued or \_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_

	<u>Balance as of Last Valuation</u>	<u>50% Vested Percentage</u>	<u>Amount of Outstanding Loans*</u>	<u>Maximum Loan Amount Available</u>
Total all Accounts:	\$ _____	\$ _____	\$ _____	\$ _____

**\*Amount of loan Payoff \$** \_\_\_\_\_ **Date** \_\_\_\_\_

The maximum amount of total loans cannot exceed fifty percent (50%) of vested account balance or \$50,000.00.

I understand that my loan will be deducted from the account (Employer or Employee) which has the highest balance available and deducted prorata. I also understand that my loan payments will be deposited in the manner as my 401(k) contributions.

I understand that I must repay the loan through payroll deduction in accordance with the amortization schedule. There is no prepayment penalty for paying off the entire loan balance earlier than the schedule outlines.

Amount of loan requested: \$ \_\_\_\_\_ (Fee of \$100.00 + \$4.00 per month per will be deducted at time of loan and is non-refundable)

Term of Loan: \_\_\_\_\_ months (no more than 60 months for a General Loan and no more than 120 months for a Housing Loan – Must provide support for purchase of a home.)

Payment Schedule:  Bi-Monthly  Bi-Weekly  Other: \_\_\_\_\_ Start Date: \_\_\_\_\_

\_\_\_\_\_  
Borrower's/Participant's Name Social Security Number Drivers License Number Date of Birth

\_\_\_\_\_  
Spouse's Name Social Security Number Drivers License Number Date of Birth

\_\_\_\_\_  
Street Address City State Zip Code Phone

E-Mail Address: \_\_\_\_\_

\_\_\_\_\_  
Participant Signature Date

## PLAN ADMINISTRATOR'S ACTION

After reviewing the above application, the Plan Administrator hereby takes the following action:

- The application is hereby denied. Reason: \_\_\_\_\_
- The application is approved and the Trustee is hereby directed to distribute \$ \_\_\_\_\_ to the applicant.

\_\_\_\_\_  
Plan Administrator/Authorized Signature Date

## IRREVOCABLE PLEDGE AND ASSIGNMENT

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

In consideration of a loan to me of \$ \_\_\_\_\_ by the Trustee of the above plan, as evidenced by a copy of the Promissory Note attached to this pledge, I hereby irrevocably pledge and assign to the Trustee of the Plan, or to their successor or successors, my vested interest, at any time existing under the Plan, which may be necessary to satisfy the loan which is the subject of this pledge, any unpaid interest on such loan, all attorney's fees necessary for collection of this obligation and all costs of collection. Failure by me to repay this loan when due or to pay any installment or interest when due, shall authorize the Trustee to foreclose on any property or to bring a lawsuit to collect the outstanding indebtedness and interest on the indebtedness.

Should my employment terminate with my Employer for any reasons while this obligation is unpaid and under circumstances in which the Trustee would ordinarily make a distribution from the Plan to me or to my named beneficiary, I authorize the Trustee to reduce the amount otherwise distributable to me or to my named beneficiary, by this outstanding indebtedness, together with any accrued interest due on the indebtedness if not paid off in full.

This irrevocable Pledge and Assignment shall bind my heirs, personal representatives or other legal representatives.

Dated this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Signature of Borrower

\_\_\_\_\_  
Signature of Witness

# PROMISSORY NOTE

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

\_\_\_\_\_  
Participant Name

\_\_\_\_\_  
Amount of Note

\_\_\_\_\_  
Address

\_\_\_\_\_  
City

State

\_\_\_\_\_  
Zip

\_\_\_\_\_  
Date of Note

FOR VALUE RECEIVED, the undersigned (the Borrower) promises to pay to the order of the Trustee of the above plan, the sum of \_\_\_\_\_

Dollars, \$\_\_\_\_\_, plus interest at the rate of \_\_\_\_\_ percent, said principal and interest thereon to be paid in the following manner:

- Payroll deduction to be over a period of \_\_\_\_\_ payroll period (not to exceed 60 months).
- Monthly installments for a period of \_\_\_\_\_ months (not to exceed 60 months).
- Quarterly installments for a period of \_\_\_\_\_ quarters (not to exceed 60 months or 20 quarters).

Any holder hereof may declare all amounts due hereunder to be immediately due and payable whenever the holder deems itself insecure or upon default in any payment hereunder, or upon the Borrower's failure to comply with the terms hereof, or upon the Borrower's insolvency, bankruptcy, death or incompetency. After maturity, this note will bear interest at the highest legal rate. The Borrower (1) promises to pay all costs of collection, including a reasonable attorney's fee, upon any default hereunder, whether in connection with collection, trial, appeal or otherwise; and (2) waives presentment, demand, notice or dishonor and protest.

If the borrower does not make payments as required by the schedule and payment remains unpaid beyond the last day of the calendar quarter following the calendar quarter in which the Borrower missed the scheduled payment, the loan will be considered in default.

This loan is secured by the Borrower's Irrevocable Pledge and Assignment of the Borrower's vested interest in the Plan, a copy of which is provided with this note. The security interest created by the security agreement, if any, extends to all other and future obligations of the Borrower.

Each borrower shall be jointly and severally liable and each borrower, co-borrower and guarantor of this note consents to renewals, replacements and extension of time for payment hereof before, at or security for this note and waives demand and protest and the right to assert any statute of limitation.

The Borrower may prepay the entire outstanding loan balance without penalty.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Signature of Borrower

\_\_\_\_\_  
Signature of Witness

**SPOUSAL CONSENT**  
(Only required if plan has J & S rules)

I hereby consent to the loan described above and to the above pledge of the Participant's Vested Accrued Benefit as collateral security for the loan. I understand that if I am the beneficiary of the Participant the amounts payable to me as such beneficiary will be reduced by the amount of any unpaid balance on the loan, plus interest, outstanding at the time of such payment.

I have executed this consent this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Signature of Borrower's Spouse

(\_\_\_\_\_) N/A if unmarried Borrower

Signature of spouse witnessed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Plan Representative

**OR**

STATE OF \_\_\_\_\_ }

COUNTY OF \_\_\_\_\_ }

Before me, the undersigned, a Notary Public, personally appeared \_\_\_\_\_ and executed the above Consent of Spouse as a free and voluntary act.

IN WITNESS WHEREOF, I have signed my name and affixed my official notarial seal this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Notary Public

Expiration Date of my Commission:

TRUTH-IN-LENDING DISCLOSURE STATEMENT

BORROWER: \_\_\_\_\_ SOCIAL SECURITY # : \_\_\_\_\_ \ \_\_\_\_\_ \ \_\_\_\_\_

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

CREDITOR: (Plan Name) \_\_\_\_\_

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

ANNUAL PERCENTAGE RATE (The cost of your credit as a yearly rate) \_\_\_\_\_ %

FINANCE CHARGE (The dollar amount the credit will cost you) \$ \_\_\_\_\_

AMOUNT FINANCED (The amount of credit provided to you or on your behalf) \$ \_\_\_\_\_

TOTAL OF PAYMENTS (The amount you have paid after you have made all payments) \$ \_\_\_\_\_

Your payment schedule will be:

<u>Number of Payments</u>	<u>Amount of Payments</u>	<u>When Payments Are Due</u>
_____	_____	_____

SECURITY: You are pledging your segregated loan fund under the above plan to the Creditor as collateral for your loan.

PREPAYMENT: If you pay off early, you will not pay a penalty.

ADDITIONAL INFORMATION: See your contract documents for any additional information about nonpayment, default, security and any required repayment in full before the scheduled date.

The Amount Financed and given to you directly is \$ \_\_\_\_\_

I have received a copy of this document.

BORROWER: \_\_\_\_\_

Date: \_\_\_\_\_