

LOAN DISTRIBUTION PROCEDURE

1. Give the applicant the below forms 15 days prior to the desired loan distribution date. If the Pension Performance, Inc. loan generation fee of **\$60.00** is paid by the participant, you will need to give them the option of increasing their desired loan amount by this amount or writing the plan sponsor a check in the amount of **\$60.00**.
2. a. **Participant Loan Program** – This program explains the procedures and regulations governing their loan.
- b. **Loan Application and Spousal Consent** – The Loan Application Form must be completed prior to loan distribution. If the loan amount is over \$3,500.00 the spouse of the participant must sign off on the loan. This form will need to be notarized. Pension Performance, Inc. will complete and give back to the plan sponsor for their records.
- c. **Promissory Note** – Have the participant complete their name and address on the top portion of the form. Please indicate the date of the first payroll from which the loan payment will be made in the paragraph which begins, “Commencing on _____.” Pension Performance, Inc. will complete the remaining part of the form and send back to the plan sponsor for the participant’s signature. Once again if the loan is for over \$3,500.00 the spouse must sign the promissory note and have it notarized.
- d. **Irrevocable Pledge and Assignment** – This form should be completed and signed by the participant prior to distribution of the loan. If the loan is for over \$3,500.00 the participant’s spouse will need to sign this form as well.
- e. **Payroll Withholding Authorization** - This form will be completed by Pension Performance, Inc. and returned with the amortization schedule. Once received, please have the participant sign the form. Keep the original for your files and return a **copy** to Pension Performance, Inc.

Send the above b, c & d to Pension Performance, Inc. We will look over the forms to make sure they are complete and verify the requested loan amount can be taken. We will then generate the necessary documents to liquidate the loan amount, a loan amortization schedule and the completed promissory note. We will send the above back to the plan sponsor for signature. The plan sponsor should give a copy of the amortization schedule to the participant and have them sign the completed promissory note. The plan sponsor should make a copy of the above forms for their files.

Plan sponsor sends the trustee signed document(s) to the applicable fund family for distribution (if applicable). Once the check is received the plan sponsor signs the check over to the participant and begins loan payments based on the first loan payment date on the amortization schedule.

LOAN APPLICATION

I TO BE COMPLETED BY PLAN PARTICIPANT

Participant Name _____ SS# _____
(Please Print)

Address _____

City _____ State _____ Zip Code _____

Hire Date _____ Current Outstanding Loan? Yes _____ No _____

As a Participant in the _____, I hereby apply for a loan in the amount of \$_____.

I currently have an outstanding loan balance of \$_____ as of _____. [] I would like to pay this amount back prior to taking additional loan .

I intend to use the funds requested for the following purpose:

- [] To purchase my primary residence.
- [] To pay the educational expenses of myself, my spouse or my dependents.
- [] To pay medical and/or hospital expenses for myself, my spouse or my dependents.
- [] To prevent the eviction from my home or foreclosure on the mortgage of my principal residence.
- [] Other (Explain in detail): _____

If my loan is granted by the Trustees, I hereby agree that I will repay the loan in _____installments. Payroll Frequency: (circle one) Monthly / Bi Weekly / Semi-Monthly / Weekly. (Cannot be less frequent than quarterly) and that payments must be made by payroll withholding. I further understand that the Plan shall charge me a reasonable rate of interest on my loan repayments.

I hereby acknowledge and understand that I will be required to pledge all or a portion of my Vested Account Balance or Vested Accrued Benefit as security for the loan.

Participant's Signature

Date

II TO BE COMPLETED BY TRUSTEE

I hereby () authorize () to not authorize any loan distribution to the above named Participant. I further certify that this decision has been rendered in a consistent and uniform manner to all like requests.

Trustee Name

Trustee Signature

Date

III TO BE COMPLETED BY PLAN PARTICIPANT'S SPOUSE OR () N/A UNMARRIED PARTICIPANT

I, _____, the spouse of _____, consent to the application for a participant loan requested by my spouse from the _____, in the sum of \$_____.

I understand that this loan cannot be made to my spouse unless I give my consent and that my consent is irrevocable.

I understand that by consenting to this loan I may be giving up certain retirement benefits that I might otherwise receive at my spouse's death, disability or separation from service with the company.

Spouse's Name

Spouse's Signature

Date

Spouse's signature witnessed by:

Notary Public

OR

Plan Administrator

Date

PROMISSORY NOTE

_____			\$ _____	
Participant			Amount of Note	
_____			Monthly/Bi Weekly/Semi-Monthly/Weekly	
Street Address			Payroll Frequency (Circle One)	
_____	_____	_____	_____	_____
City	State	Zip Code	Date of Note	Next Payroll Date

FOR VALUE RECEIVED, on or before _____, the undersigned (the Maker) promises to pay to the order of the Trustees, _____, the principal amount of _____ DOLLARS (\$_____), plus interest commencing on this date at the rate of _____% per annum on the principal balance from time to time unpaid.

Commencing on _____ and on the last day of each pay period thereafter until _____ the amount of the accrued and then unpaid interest shall be due and payable. At the option of the undersigned, at any time or times all or any portion of the unpaid principal sum and accrued interest on this Note may be prepaid without premium or penalty the amount of the prepayment to be applied first to accrued interest and remainder to unpaid principal.

The payment of this Note is secured by the vested and nonforfeitable interest of the _____.

At the election of the holder or holders hereof, upon notice to the undersigned, the unpaid principal sum, together with accrued and unpaid interest thereon, shall become due and payable in the event of a default in the payment of any principal or interest when due in accordance with the terms hereof.

This note is due and payable 45 days after termination of employment.

The above paragraph shall not apply in the event the participant is entitled to, and does, consent to a direct transfer of this note to a qualified plan of his new employer. This provision shall be null and void if transfer is not completed prior to the due date of the note or if earlier than the 90th date after the participant terminates service with the Employer.

_____	_____
Participant's Signature	SS#

As the lawfully married spouse of _____, I hereby consent to this loan being made from the _____, and I understand that in the event of default in the payment of the Note, the Trustees may deduct the outstanding balance of such loans, plus accrued and unpaid interest thereon, from my spouse's vested interest in the Plan which will result in a reduction of benefits otherwise paid to me.

_____	_____	_____
Spouse's Name	Spouse's Signature	Date

Spouse's signature witnessed by:

_____	OR	_____	_____
Notary Public		Plan Administrator	Date

IRREVOCABLE PLEDGE AND ASSIGNMENT

In consideration of a loan to me of \$ _____ by the trustees of the _____, I, _____, hereby irrevocably pledge and assign as collateral that portion of my Vested Account Balance necessary to satisfy the outstanding balance of said loan, with accrued interest, plus the costs, if any, incurred by the trustees in collecting said loan, including reasonable attorney's fees. I understand and acknowledge that if I fail to repay this loan when due and payable or fail to pay any installment or interest payment may result in the trustees foreclosing on any property pledged as security for this loan.

If my employment terminates before my obligation under this pledge and assignment has been fully discharged and under circumstances in which the trustees would usually make distribution from the plan to me or my designated beneficiary, I hereby empower the trustees to reduce the amount of my distribution to me or my designated beneficiary by the amount of the outstanding indebtedness at the time of my termination, along with any accrued interest on the indebtedness.

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

EXECUTED this _____ day of _____, 20 ____.

Participant's Signature

SS#

Participant's Spouse

Witness