

U.A. LOCAL NO. 467
DEFINED CONTRIBUTION PLAN
Account Balance Loan Program

APPLICATION FOR A LOAN
Instruction and Loan Information

The U.A. Local No. 467 Defined Contribution Plan Loan Program lends money to qualified participants in the Plan, as authorized under 29 C.F.R. Sec. 2550. Under the Plan, a participant may borrow up to half of his or her account balance in the Plan, to a maximum of \$50,000, for the purchase of a primary residence, refinancing, home improvement, and general purpose. By submitting this Application, you are agreeing to be bound by the rules of the Loan Program. These rules are explained in the notice "Basic Information about Plan Loans". This notice is available from the Trust Fund Office at United Administrative Services, 6800 Santa Teresa Blvd. Ste. 100, San Jose, California, 95119.

To receive a loan, you must submit the Application, an Application Fee of \$100. The Trust Fund Office will first review your Application to see if you have been a participant in the Plan for two years, and that your Plan balance is sufficient to permit you to borrow the amount requested. **If you are married, your spouse must agree to the use of your Plan account balance as collateral.** If you meet these requirements, the Trust Fund Office will request a report from a credit reporting agency and will then review and substantiate the financial information provided.

Please complete the Application **in full**. Feel free to use additional pages to answer any question in full. Indicate the time period in which you wish to repay your loan. Loans for purchasing residence may be repaid in up to thirty years. You must provide proof of the purpose before you receive your loan, or you may also request advance approval of your loan, which will then be distributed to you only upon supplying the proper proof. All other loans must be repaid within five years.

You may withdraw an Application at any time.

If you qualify under the Plan, you will be provided with a full disclosure of the terms of your loan. You will then have 30 days in which to accept the loan by signing the Promissory Note and Security Agreement, promising to repay your loan, and pledging part of your account balance as collateral for the Loan. If you need more than 30 days to decide, you may request an extension in writing. However, if you do not decide within 90 days of submitting your application, you must reapply.

When you accept your loan, you will be given your funds by the Trust Fund Office. Your loan will be amortized in equal payments over the period you selected. Your payments will be due on **the first of each month**. You will receive a coupon packet, good for the current year, upon signing your loan and each year thereafter.

If you wish, you may repay the full balance of the loan, plus any outstanding interest, at any time. There is no prepayment penalty. If you prepay part of your principal, the term of your loan is reduced accordingly.

Payments received before the **16th** day of the month will not be subject to a late penalty. If a payment is received on or after the 16th day of any month, you will be charged a \$15 late fee to cover the cost of late notices and other administrative costs of the Loan Program. The late fee will be due with your next payment. If you do not pay the late fee, it will be deducted from the amount which is credited to your account balance. No additional interest will be charged on a late payment.

You will be notified if you are 30 days late, and again if 60 days late. If you fall 90 days behind, you will be declared in default. **If you default on your loan, it will be declared a distribution under the Plan, and the IRS will be notified.** Your account balance will then be reduced to cover the amount of the unpaid balance. If you were under the age 59½ when you received your loan, you will be liable for a 10% federal excise tax and a 2½% state excise tax (in addition to your regular tax rate) for a premature distribution from a pension plan.

As long as you owe any money on the loan, you will not earn a share of the income of the Plan on the unpaid balance of the loan. The only income you earn on the balance of your loan is the interest you pay. All of the principal and interest you pay is credited to your Plan account balance, except for a service fee of \$15 per payment. For tax years starting 1990, you may deduct only 10% of the interest of the portion of the loan attributable to mandatory contribution. **After 1990, none of the interest on your loan will be deductible.**

Your loan will affect your rights to distributions from the Plan in several ways:

- 1). No distribution will be made of the pledged portion of your account balance While it is used as security for your loan.
- 2). If you qualify for a distribution from the Plan upon retirement and you have An outstanding loan balance, **you may have the loan declared a distribution,** With your spouse's consent if you are married.

If you have any questions about the Plan Loan Program, please ask them before submitting this Application. For further information about the Loan Program, contact United Administrative Services at (408) 288-4442 or visit or write the Trust Fund Office at 6800 Santa Teresa Blvd. Suite 100, San Jose, California, 95119.

BASIC INFORMATION ABOUT PLAN LOANS

U. A. Local No. 467 Defined Contribution Plan

The U. A. Local No. 467 Defined Contribution Plan now permits participants to borrow a portion of their account balance in the Plan through United Administrative Services. The Trustees have prepared this letter to explain the rules of the Loan Program and the harsh tax consequences of default of a Plan loan. If you are considering a Plan loan, read this notice in full.

GENERAL RULES OF THE PLAN LOAN PROGRAM

In many ways, a Plan Loan is the same as any other loan. You must qualify for the loan, and you must repay it. However, a Plan Loan is different from ordinary loans if you default. If you default, your loan becomes a distribution from the Plan. You are then liable for regular income taxes, plus a 10% federal tax and 2½% state tax for a premature distribution if you are under age 59½, plus possible penalties. You should not take a Plan Loan if you intend to, or are likely to, default.

The following rules apply to all Plan Loans:

1. PURPOSE FOR A PLAN LOAN

You may use your Plan Loan for any purpose. The term of your loan is limited on the basis of the purpose. If the purpose for your loan is purchasing your primary residence, you may repay your loan in a period not to exceed thirty years. Otherwise, the term may not exceed 5 years. You will need to provide proof of the purpose of your loan to qualify for the 30-year term.

2. AMOUNT OF MONEY AVAILABLE

The amount of money you may borrow from the Plan is strictly limited by federal law. If your account balance in the Plan is less than \$10,000, you may borrow the full amount of your account. If your account balance is \$10,000 to \$20,000.00, you may borrow \$10,000.00 of your account balance. For Participants with account balances of \$20,000.00 or more but less than \$100,000.00 half of Account Balance or Participants with account balances of \$100,000.00 or more, \$50,000.00. However, if the Participant has one or more outstanding loans at the time of a new loan, then the \$50,000.00 figures shall be reduced by the amount that the participant's loan(s) have been reduced in principal in the prior twelve months.

3. USE OF YOUR PLAN BALANCE AS SECURITY

When you take a Plan Loan, you must pledge your account balance in the Plan as security for your loan. If you are married, your spouse must consent to the use of your Plan assets as security for your loan. While you are repaying your loan, the only income you accrue on your loan balance is the interest you pay, not a share of the interest of income of the Plan as a whole. If you default, your retirement benefits are reduced by any part of the Loan that you do not repay. As you repay your loan, your account balance is restored and

accrues interest and income as before, except that you will be charged a \$15 service fee for each payment.

4. PENSION LOSSES AND TAX PENALTIES IF YOU DEFAULT

If you are thirty days late on a payment, you will be notified by the Plan that you are delinquent and must pay a late fee, and that you are at risk of being in default. If you are ninety days late, the Plan will then notify you that you are in default, and your loan will be declared a distribution.

Once your loan is declared a distribution, the unpaid balance is lost as a pension benefit. You may not repay the loan later, to restore your Plan account. You lose the income and tax savings that you would have earned under the Plan for the defaulted amount of the loan.

5. IF YOU DEFAULT, YOU BECOME LIABLE FOR SUBSTANTIAL TAXES

All participants who default owe income taxes on their distribution. As required by federal law, the plan office automatically reports distribution to the IRS and to you, at the end of the year.

You may also owe other taxes as well. If you are under the age of 59½, you will owe a federal tax of 10%, and a state tax of 2½%. In addition, you may owe a penalty for failing to have sufficient taxes withheld. If you are unable to pay your taxes, you will also be liable for penalties and interest.

GENERAL ADVICE FROM THE TRUSTEES

You should not apply for a Plan Loan if you are not creditworthy, cannot repay your Loan, or do not intend to repay your Loan. The Trustees must discourage defaults, in order to protect the Plan and the Participants. If you are unsure about whether you will be able to repay your Loan, you should consider the taxes you will pay if you default. Furthermore, please be aware that the interest paid, by a member, on a Plan loan is **not** tax deductible.

APPLYING FOR A LOAN

If you believe you qualify for a Plan Loan, and want to apply for one, contact United Administrative Service, at (408) 288-4442, or visit or write to the Trust Fund Office at 6800 Santa Teresa Blvd. Suite 100, San Jose, 95119, for further information and application forms.

**U.A. LOCAL NO. 467 DEFINED CONTRIBUTION PLAN
APPLICATION FOR PLAN LOAN**

APPLICANT

Name: _____ SSA#: _____ Date of Birth: _____

Marital Status: Single _____ Married _____ Divorced _____ No. Of Dependents: _____ Years in Trade: _____

Home Address: _____ How Long: _____

Email Address: _____ Primary Phone: _____

Current Employer: _____ Bus. Phone: _____ How Long: _____

Previous Employer: _____ Bus. Phone: _____ How Long: _____

If you are married, your spouse must consent to the use of your account balance as security for your loan. If you are divorced, submit a Qualified Domestic Relations Order (QDRO), which shows the disposition of the account balance of the Plan.

SPOUSE

Name: _____ SSA#: _____ Date of Birth: _____

Current Employer: _____ Bus. Phone: _____ How Long: _____ Occupation: _____

CURRENT RESIDENCE

Own: _____ Rent: _____ Living with parents: _____

LOAN INFORMATION

Purpose of Loan: _____ Purchase: _____ Other: _____

Provide proof of purpose, such as contract of sale, offer, or estimate. Only loans for the purchase of a primary residence may be repaid over a period of more than five (5) years.

AMOUNT OF LOAN REQUEST: \$ _____

OFFICE USE ONLY: TERM OF LOAN: 360 MONTHS _____ 60 MONTHS _____

STATEMENT OF APPLICANT AND CONSENT TO GATHER INFORMATION

I hereby apply for a U.A. Local No. 467 Defined Contribution Pension Plan Loan, as described in this Application. I agree to be bound by the rules of the Plan Loan Program. I understand that my account balance in the Plan will be pledged as security for the Loan and that if I default, the balance outstanding on the Loan at the time of the default will be lost to my account balance. I also understand that no distribution will be made of the portion of my account balance, which is being used as security for my loan.

Participant's Signature: _____ Date: _____

**IF YOU ARE MARRIED, PLEASE FILL OUT THE SPOUSAL CONSENT FORM, PROPERLY SIGNED AND
NOTARIZED, OR WITNESSED BY A PLAN REPRESENTATIVE**

U.A. LOCAL NO. 467 DEFINED CONTRIBUTION PLAN
Account Balance Loan Program

SPOUSAL CONSENT FORM
FOR USE OF ACCOUNT BALANCE AS SECURITY FOR A PLAN LOAN

Participant: _____ *Loan Amount:* _____

I understand that my spouse has applied for a Plan Loan in the above amount, and that the following rules of the Plan Loan Program will apply to the Loan:

1. A portion of my spouse's account balance in the U.A. Local No. 467 Defined Contribution Pension Plan, equal to the amount of the loan, will be pledged as security for the Loan; and
2. No interest or income will accrue on the portion of the account balance used as security for the Loan, except the interest on the loan; and
3. No distribution will be made of the portion of the account balance which is being used as security for the Loan; and
4. If my spouse defaults, the balance outstanding on the Loan at the time of the default will be lost to the account balance, and a substantial tax liability may accrue for a premature distribution from a pension plan.
5. I may withdraw my consent at any time in writing, until the loan is given to my spouse. Unless withdrawn, this consent will be considered conclusive, and no further consent will be requested of me.

I hereby consent to the use of my spouse's Plan account balance as security for this Loan. I authorize you to obtain such information as you may require from whichever sources you may deem necessary concerning any statements made on the Application.

Spouse's Signature: _____ ***Date:*** _____

NOTARIZATION IS REQUIRED

CALIFORNIA ALL- PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California }

County of _____ }

On _____ before me, _____,
(Here insert name and title of the officer)

personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public Signature

(Notary Public Seal)

ADDITIONAL OPTIONAL INFORMATION

DESCRIPTION OF THE ATTACHED DOCUMENT

(Title or description of attached document)

(Title or description of attached document continued)

Number of Pages _____ Document Date _____

CAPACITY CLAIMED BY THE SIGNER

- ☐ Individual (s)
☐ Corporate Officer

(Title)

- ☐ Partner(s)
☐ Attorney-in-Fact
☐ Trustee(s)
☐ Other _____

INSTRUCTIONS FOR COMPLETING THIS FORM

This form complies with current California statutes regarding notary wording and, if needed, should be completed and attached to the document. Acknowledgments from other states may be completed for documents being sent to that state so long as the wording does not require the California notary to violate California notary law.

- State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment.
- Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
- Print the name(s) of document signer(s) who personally appear at the time of notarization.
- Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. ~~he/she/they~~ is /are) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different acknowledgment form.
- Signature of the notary public must match the signature on file with the office of the county clerk.
 - ❖ Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
 - ❖ Indicate title or type of attached document, number of pages and date.
 - ❖ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).
- Securely attach this document to the signed document with a staple.