



PENSION LOAN APPLICATION

Qualified Plan Services
P.O. Box 2526, Waco, TX 76702
7901 Fish Pond Rd., Waco, TX 76710
Phone: 800.955.3434
Fax: 254.772-9752

OPServices@SterlingTrustCompany.com
www.SterlingTrustCompany.com

Participant Information

Name SS# - -
Address
City State Zip -
Are you married? Yes No

Plan Information

Plan Name Plan No.
Payroll Frequency Weekly Bi-weekly Semi-Monthly Monthly
Payroll deduction will begin - -

Payroll deduction will begin no later than 30 days from issue date

Loan Information

Requested \$ *(If vested balance exceeds \$5,000, spouses consent is required.)*
Interest Rate %
Purpose of Loan Purchase of principal residence Other
Duration of Loan Payments 1 year 2 years 3 years 4 years 5 years
 Other

Principal residence is the primary place participant resides

Signatures

By signing below, you, the participant, agree to the selections made above.

Participant/
Borrower's Signature Date - -

By signing below, you, the spouse, consent to the loan requested by your spouse and that up to one-half of your spouse's vested account balance may be used as collateral.

Spouse's Signature Date - -

Witness's Signature Date - -

Plan representative or notary public

(Notary Seal)

Administrator Use Only

The loan is approved.
 The loan is denied because:
 The amount requested exceeds loan limitations.
 The minimum loan amount has not been met.
 The loan does not fulfill restricted purposes.
 Other (specify)

Plan Administrator's Signature Date - -



PENSION LOAN APPLICATION GUIDELINES

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Guidelines

- The amount available for a loan is based on the participant's vested interest in his/her account. The minimum and maximum loan amounts are stated in the loan policy adopted by the employer.
- A participant may have up to the maximum number of loans allowed in the plan's loan policy. Once the maximum number of loans has been reached, the participant must wait at least one month from the date the existing loan was repaid to apply for another loan.
- The plan administrator will determine a reasonable interest rate that will remain fixed for the duration of the loan.
- Loans may not be refinanced.
- Loan interest and principal from scheduled payments will be credited to the participant to whom the loan was made and will be reinvested in accordance with the participant's current investment elections.
- Active participants must use payroll deductions for loan payments, based on their employer's payroll frequency.
- Repayment of the loan may not exceed 5 years, unless the loan is for the purchase of principal residence.
- Loans will not be made when the plan administrator is determining whether a domestic relations order affecting participant's account is a Qualified Domestic Relations Order (QDRO).
- Unless otherwise specified in writing when the request for a loan is made, loans will be withdrawn from the source(s) (salary deferral, rollover, employer matching contributions, etc.) in the order specified by the plan administrator, on a pro rata basis from the investment accounts.
- A loan is due and immediately payable if a:
 - Distribution to the participant is made as a result of or after the participant's termination of employment for any reason including death.
 - Qualified Domestic Relations Order (QDRO) requires a distribution greater than the participant's vested account balance, offset by the remaining loan balance.
- After a loan defaults,
 - The remaining principal balance plus the interest accrued up to the loan's default date will be reported on **Form 1099R** to the participant and to the Internal Revenue Service as taxable income for that year.
 - The participant's account balance will be reduced by the remaining loan balance plus the interest accrued up to the default date when the participant qualifies for a distribution.
 - The payment for a defaulted loan may be in the form of a lump sum only

Signatures

By signing below, you certify that you have read and understand the Loan Application Guidelines.

Participant's Signature Date - -



PENSION TRUTH IN LENDING DISCLOSURE

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Disclosures

To comply with the Federal Truth In Lending Act, U.S. Code, Title 15, Section 1601 et. seq., the following information is provided by the plan administrator.

Indicate the amounts to be paid:

Annual Percentage Rate (Cost of loan on a yearly rate) %

Finance Charge (Amount credit costs you) \$

Amount Financed (Total loan amount) \$

Total Payments (Total amount repaid after all scheduled payments) \$

Payment Schedule

Payment Amount \$

No. of Payments

Payroll deduction will begin no later than 30 days from issue date

Payment Frequency Weekly Bi-weekly Semi-monthly Monthly

Date payroll deduction will begin - -

Collateral

You certify and designate up to one-half of your vested account balance as collateral for the loan. If default occurs, the entire outstanding loan balance (*plus accrued interest through default date of loan*) will be due.

Payment

Early lump sum payment must be indicated and the minimum repayment is \$500 (*or entire balance of loan if less*). There is no penalty for early payment but if you prepay loan early, you will not receive a refund on the finance charge.

Signatures

By signing below, you the participant, certify that you have read and understand, and have received a copy of the **Truth In Lending Disclosure** statement

Participant/
Borrower's Signature Date - -

Social Security Number - -



PENSION PROMISSORY NOTE AND SECURITY AGREEMENT

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Loan Information

Plan Name

This Promissory Note and Security Agreement is subject to terms of the plan and loan policy now existing, or later changed. Only one-half of your vested account balance may be used as collateral.

Last payment will be in the amount necessary to repay entire outstanding loan balance plus accrued interest.

You acknowledge receipt of a loan in the amount of \$ and direct your employer to withhold money from your wages to comply with payment schedule. If you are not on your employer's payroll, you agree to make equal scheduled payments.

Loan is as follows:

Loan Amount	\$	<input type="text"/>
Total Interest Charges	\$	<input type="text"/>
Additional Charges	\$	<input type="text"/>
Total Repayments	\$	<input type="text"/>
Annual Percentage Rate		<input type="text"/> %

Repaying Loan

Money that you repay for the loan will be reinvested in accordance with your current investment election(s).

Payroll deduction will begin no later than 30 days from issue date and continue until loan is repaid in full.

Your employer is to deduct \$ from your wages each pay period when payment is due. When payments are past due for any 45 day period (*in accordance with schedule*) loan is considered in default and the entire outstanding loan balance (*through default date*) plus accrued interest will be due.

Additional principal payments may be made without prepayment penalty charges.

Loan is due and immediately payable when

- Distribution to you is made as a result of or after your termination of employment for any reason (*including death*).
- Qualified Domestic Relations Order (QDRO) requires a distribution greater than your vested account balance (*offset by the remaining loan balance*).

Loan Default

If default occurs, the entire outstanding loan balance plus accrued interest (*through default date*) will be due and reported as taxable income for that year. Your vested account balance will be offset by the total remaining loan balance, plus accrued interest.

Default occurs when:

- Any scheduled payment remains unpaid for more than forty-five (45) days.
- Any representation or statement made to the Plan by you or on your behalf is false in any respect.
- The loss, theft, damage, destruction, sale, or encumbrance to or of any of the collateral, or the making of any levy, seizure, or attachment thereon.
- Your death, dissolution, insolvency, or appointment of a receiver for any part of your property or an assignment for the benefit of your creditors, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against you.

Collateral

In consideration of the loan made hereunder, you hereby pledge up to a maximum of 50% of the entire vested balance held for you under the above Plan as security for the loan. You further agree not to make withdrawals from your vested account balance in an amount or amounts which would reduce your vested account balance to less than twice the outstanding balance of your loan. You understand that the Trustee(s) may offset the remaining balance of your loan plus accrued interest if you fail to make the principal and interest payments at the time prescribed hereunder.

Subsequent Loan

You can have a maximum number of non-residential loans as chosen by your plan administrator and may apply for an additional loan only if it is for the purchase of a principal residence (primary residence of participant). Once maximum number of loans has been reached, you must wait at least one month from the date the existing loan was repaid to apply for another loan.

Loans will not be renegotiated except for provisions related to leave of absence.

You will be ineligible for another loan if currently in default on a prior loan.

Signatures

By signing below, you agree to repay the amounts borrowed under the terms of this **Promissory Note and Security Agreement**.

Participant's Signature Date - -

Plan Administrator's Signature Date - -

Spouse's consent is required if vested account balance exceeds \$5,000

You, the spouse, consent to the loan requested by your spouse and that up to one-half of your spouse's vested account balance may be used as collateral.

Spouse's Signature (if required) Date - -

(Notary Seal)

Representative's Signature (or notary public) Date - -



LOAN POLICY AND PROCEDURES

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The (name of Plan) has adopted a loan provision to assist Plan Participants in raising funds to meet certain immediate and heavy financial needs. Participants in the Plan will be entitled to apply for a loan in accordance with the following rules:

Application All loan applications will be made on forms provided by the Administrator. Each form will be completed in its entirety before being considered for approval. Each application will be reviewed on a nondiscriminatory basis, but will be judged on the applicant's creditworthiness, purpose and terms of the loan.

Approval Process Loans will be permitted for the following reasons only (check those that apply):

- For the purpose of acquiring, constructing, or substantially rehabilitating any principal residence such as a house, apartment, condominium or mobile home (not used on a transient basis);
- For the purpose of paying deductible medical expenses [under Code Section 213(d)] of the participant, his or her spouse, or other dependents;
- For the purpose of paying tuition for post-secondary education for the participant, his or her spouse, or other dependents;
- To prevent eviction from, or foreclosure on the mortgage of, the participant's principal residence.
- Other: As requested by participants.

Loan Amount All loans will be limited to 50% of the Participant's vested account balance, provided such loan does not exceed \$50,000. The \$50,000 maximum amount will be reduced by the Participant's highest outstanding loan balance in the previous 12 months, even if amounts have been repaid.

- a. The Plan includes a minimum loan amount of \$1,000.
- b. A Participant may have only one (1) loan outstanding at any one time.
- c. A Participant may be denied future loans if he or she defaulted on any previous loan.

Repayment Principal and interest payments will be made:

- Weekly Bi-weekly Semi-monthly Monthly
- Principal and interest payments shall be made in cash or by check payable in lawful currency of the United States of America.
- Principal and interest payments shall be made by the means of payroll withholding according to the terms of the promissory note.

Interest The rate of interest will be a composite of what persons and institutions in the business of lending charge for similar purposes. The Administrator may consider factors pertaining to the opportunity for gain and the risk of loss that professional lenders would consider in setting the rate of interest.

Security Any loan granted hereunder will require a Participant to pledge a maximum of 50% of his or her vested account balance as collateral for the loan.

Default

A loan shall be deemed to be in default when a scheduled installment payment is 45 days late. If payment has not been made within 15 days of the installment due date, the administrator will send the participant a letter notifying him or her that payment is due within 30 days of the date of the letter. If payment is not received within such stipulated time period, the following will take place:

- a) The loan considered to be in default as of the date the last payment was due.
- b) The remaining principal and interest on the loan is due and payable as of the date the last payment was due.
- c) The balance of the loan is now a taxable event, subject to personal income and penalty taxes, but will not relieve the participant's obligation to repay the loan. **Form 1099** will be completed and given to the Participant; however, the loan will not be charged against the Participant's vested account balance until he or she terminates service, retires, dies, becomes disabled, attains age 59½ or reaches the earliest date distribution is permitted under the Plan.
- d) To the extent necessary, any collateral pledged as additional security will be foreclosed upon.
- e) If permitted in the Plan, the loan will be deemed an in-service withdrawal. Such withdrawal will be subject to personal income and possibly penalty taxes. **Form 1099** will be issued to the participant showing such withdrawal.
- f) To the extent possible, the loan will be renegotiated and payments will be made through payroll withholding.

NOTE: If a participant contacts the loan administrator before the due date of the loan payment, and agrees to item "d," "e" or "f" above, the loan will not go into default.

Administrator

The following person is responsible for the administration of this loan program. All questions and applications should be addressed to:

Employer Name

Employer Address

City State Zip -

Phone / -

Employer's Authorization

I hereby certify that the above loan provisions will be administered in a consistent and uniform manner for all Participants in the Plan.

Employer Authorization Signature

 - -

Date Signed

QP110 05.09 8-6-09-md