I.B.E.W. LOCAL NO. 332 PENSION PLAN PART B Account Balance Loan Program

**APPLICATION FOR A LOAN**

Instruction and Loan Information

The I.B.E.W. Local No. 332 Pension Plan Part B Loan Program lends money to qualified participants in the Plan, who have an account balance of at least $2,500.00 and have worked in covered employment during the last twenty four months preceding the requested date of the loan. Under the Plan, a participant may borrow up to half of his or her account balance in the plan, to a maximum of $50,000.00, for a purchase of a primary residence or general purpose. A participant who has worked in the electrical trade or craft for himself or an employer within the jurisdiction of I.B.E.W. Local No.332 who is not signatory to a Collective Bargaining Agreement with I.B.E.W. Local No. 332 is not eligible for a Plan loan. 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, P.O. Box 5057, San Jose, California 95150.

To receive a loan, you must submit the Application, an Application Fee of $225.00, and a Credit Check Fee of $25. If the loan purpose is for the purchase of a primary residence, there is an additional $12 wiring fee. The Trust Fund Office will first review your Application to see if you have worked in Covered Employment during the twenty four months preceding the requested loan, 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 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. The annual interest rate is equal to the United States Prime Interest Rate on the effective date of your loan. Loan payments will be made monthly specified in the loan paperwork and payments not made by the due date are considered late.

Loan Applications will be reviewed in the same manner and under similar conditions as at a financial institution. Factors considered include, but are not limited to, the Participant's income, assets, outstanding loans and or other debt, past repayment record on loan payments and credit reports. If a participant is in bankruptcy, federal bankruptcy regulations must be complied with before incurring new debt. If a Participant defaults on a loan from the Plan, he or she will **not** be eligible for another loan.

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 a principal residence may be repaid in up to thirty (30) years. You must provide proof that the loan proceeds will be used to purchase your principal residence. The loan proceeds will be made payable directly to the escrow company involved in the purchase of the new residence. The residence must continue to be your principal residence throughout the term of the loan. You may also request advance approval of your loan. All other loans must be repaid within five (5) years.

You may withdraw an Application at any time. However, credit check fees of $25 will not be refunded after the Application has been referred to a credit-reporting agency.

If you qualify under the Plan and meet the Program's standard of credit-worthiness, 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 you 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 you application, you must reapply.

When you accept your loan, you will be given your funds by the Trust Fund Office. If your loan is for the purchase of a principal residence, the loan funds will be paid directly to the escrow company involved in the purchase of the residence. 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 you are 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 are under the age 59½ when you default, you will be liable for a 10% federal excise tax and a 2½% state excise tax (in addition to your regular tax rate) for an early 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.

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 write the Trust Fund Office at PO BOX 5057, San Jose, California, 95150.