



## WHAT ARE HARDSHIP LOAN RULES AND REQUIREMENTS?

There are various rules and requirements that apply for any loan, which are outlined in this question. In addition, we have established a written loan program that explains these requirements in more detail. You can request a copy of the loan program from the Administrator. Generally, the rules for loans include the following:

- Loans are available to participants on a reasonably equivalent basis. Loans will be made to participants who are creditworthy. The Administrator may request that you provide additional information, such as financial statements, tax returns, and credit reports to make this determination.
- All loans must be adequately secured. You must sign a promissory note along with a loan pledge. Generally, you must use your vested account balance as security for the loan, provided the outstanding balance of all your loans does not exceed 50% of your vested account balance. In certain cases, the Administrator may require you to provide additional collateral to receive a loan.
- You will be charged a reasonable rate of interest for any loan received from the Plan. The Administrator will determine a reasonable rate of interest by reviewing the interest rates charged for similar types of loans by other lenders.
- If approved, your loan will provide for level amortization with payments to be made not less frequently than quarterly. Generally, the term of your loan may not exceed five (5) years. However, if the loan is for the purchase of your principal residence, the Administrator may permit a longer repayment term. Generally, the Administrator will require that you repay your loan by agreeing to either payroll deduction or ACH (automated clearing house system for electronic funds transfer). If you have an unpaid leave of absence or go on military leave while you have an outstanding loan, please contact the Administrator to find out your repayment options.
- The amount the Plan may loan to you is limited by rules under the Internal Revenue Code. All loans, when added to the outstanding balance of all other loans from the Plan, will be limited to the lesser of:
  - (a) \$50,000 reduced by the excess, if any, of your highest outstanding balance of loans from the Plan during the one-year period prior to the date of the loan over your current outstanding balance of loans; or
  - (b) 1/2 of your vested account balance.
- No loan in an amount less than \$1,000 will be made.
- The maximum number of loans that you may have outstanding at any one time is determined by the plan sponsor.

- Loans will only be granted if you incur a financial hardship or have a specified financial need. Examples of financial hardship which would qualify for a loan include significant health expenses or a loss of income due to illness of you or your dependents; costs of establishing, avoiding eviction from, or repairing damage to your principal residence; payment of college education expenses, including graduate studies, for you or your dependents; and the cost of funeral expenses for a member of your immediate family.
- If you fail to make payments when they are due under the terms of the loan, you will be considered to be "in default." The Administrator will consider your loan to be in default if any scheduled loan repayment is not made by the end of the calendar quarter following the calendar quarter in which the missed payment was due. The Plan would then have authority to take all reasonable actions to collect the balance owing on the loan. This could include filing a lawsuit or foreclosing on the security for the loan. Under certain circumstances, a loan that is in default may be considered a distribution from the Plan, and could result in taxable income to you. In any event, your failure to repay a loan will reduce the benefit you would otherwise be entitled to from the Plan.
- If you become entitled to a distribution from the Plan (except in the case of an in-service distribution), your loan becomes due and **payable in full immediately**. You may repay the entire outstanding balance of the loan (including any accrued interest). If you do not repay the entire outstanding loan balance, your vested account balance will be reduced by the remaining outstanding balance of the loan.

## HARDSHIP LOAN APPLICATION

Company/Plan Name \_\_\_\_\_

Participant \_\_\_\_\_

Your retirement plan allows loans against your vested account balance **only if you have an immediate and heavy financial need**. Please refer to your Summary Plan Description for further details on your plan loan policy.

**1. Reason.** An immediate and heavy financial need can arise for one of the following reasons: (select one or more as applicable)

- The purchase, construction or improvement of a residence or other real estate
- The purchase or repair of a vehicle (including an automobile, van, truck or recreational vehicle)
- Tuition and other educational expenses
- Medical and/or dental expenses
- Payments for burial or funeral expenses for my parent, spouse, child or dependent
- To prevent my eviction from my principal residence or to prevent the foreclosure on the mortgage of my principal residence
- Loss of income due to illness of you or your dependents

**YOU MUST SUBMIT PROOF OF FINANCIAL NEED TO SUPPORT THE AMOUNT REQUESTED.**

**2. Amount Requested** \$ \_\_\_\_\_ (minimum \$1,000.00)

**3. Term** \_\_\_\_\_ months (maximum 60 unless it is a for a primary residence)

**4. Repayment** will be through regular payroll withdrawal. Payroll frequency is:

- Weekly       Bi-weekly       Semi-monthly       Monthly       \_\_\_\_\_

**5. References.**

If married, provide Spouse's name (include wife's maiden name) \_\_\_\_\_

and SSN \_\_\_\_\_

Nearest relative not living with you: Name \_\_\_\_\_ Relationship \_\_\_\_\_

Address \_\_\_\_\_ Phone \_\_\_\_\_

Local personal reference: Name \_\_\_\_\_ Years known \_\_\_\_\_

Address \_\_\_\_\_ Phone \_\_\_\_\_

**6. Acknowledgements.**

1. I must submit proof of financial need for any reason chosen above to support the amount requested.
2. I understand that the Administrator will consider my request within a reasonable amount of time and I agree to provide any additional information which the Administrator may require.
3. The Trustee of the Plan will hold the portion of my account balance that I am not withdrawing until I otherwise would receive a distribution of my account balance under the Plan, generally upon my termination of employment.
4. I offer as security for this loan, by pledge and irrevocable assignment, my vested account balance.
5. I authorize the plan trustee to verify the information provided in this application and to obtain additional information as required. I understand the Trustee will offer this loan in reliance on the statements provided herein, which I certify are correct and complete. If any statement proves false, the Trustee may declare the loan immediately due and payable.
6. I understand that a loan processing fee of \$100.00 to \$185.00 is payable to the Trustee and may be deducted directly from my account balance.

**7. Authorization.**

_____	_____	_____	
Participant's Signature	Social Security Number	Date	
_____	_____	_____	_____
Address	City	State	Zip
_____	_____	_____	
Date of Birth	Home Number	Work Number	
_____			
E-mail Address			

MAIL or FAX this form and proof of financial need to:

Qualified Pension Services, Inc. 4650 S. National Avenue, Ste. C-1 Springfield, MO 65810