

Loan Application

(Effective July 2021, Rate = 4.25%)

Upon completion, please return to: Campbell Albrecht
20750 Ventura Blvd, Suite 200, Woodland Hills, CA 91364
Phone (818) 346-4015 Fax (818) 346-4019

Company Name: _____

Participant Information

Participant Name: _____ Social Security # _____

Address: _____

City, State Zip: _____

Birth Date: _____

Daytime Phone: _____ E-mail Address (required): _____

Marital Status: () Married () Single Spouse's Name: _____

IMPORTANT NOTE: All participant loans are subject to a loan fee. In addition, not all plans have a loan provision. Please see your plan's Summary Plan Description for further details.

Loan Amount: (please select one)

- _____ Maximum Amount Available (50% Vested Account Balance)
- _____ Specific Dollar Amount \$ _____ (Minimum Loan Amount is \$1,000)

Loan Term:

_____ # of years: The maximum term is 5 years. (Exception: if the purpose of the loan is to purchase a principal residence, the loan term can be extended to 15 years.)

Is the purpose of this loan to purchase a principal residence? **YES** **NO**

Outstanding Loans:

Do you currently have an outstanding retirement plan loan? **YES** **NO**

How would you like the funds to be sent?

- () **Direct Deposit** – () Checking OR () Savings: allow 2-3 business days
- () **Wire** – Verify with receiving bank if they accept wires and/or charge a fee: allow 1-2 business days
- To _____

Bank Name
Bank ABA/ Routing (9 digits)
Bank Account No.
- () **Check** – Only available for distribution amounts less than \$50,000: allow 7-10 days for regular mail delivery.

By signing this form, I hereby agree to the fees noted above and to repay my loan plus any accrued interest.

Participant Signature _____ **Date:** _____

Spousal Consent

I, the undersigned, am the legal spouse of the participant. I hereby consent to the loan request by my spouse.

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

Company Representative

Payroll Cycle: _____ (weekly, biweekly, semimonthly, monthly) Last payroll date: _____

If the participant currently has a loan outstanding through the plan, please provide the information requested below:

Loan Payments: \$ _____ Please circle reporting method: **Year to Date** or **Total Payment**

Company Representative _____ **Date:** _____

Participant Loan Program

Pursuant to the terms of your Retirement Program, a participant loan program has been adopted as part of the Plan. The program is intended to comply with Labor Regulation 2550.408(b). Loans will be made pursuant to the terms of the Plan and the following provisions of this Participant Loan Program.

Application Procedure

1. Obtain and complete a loan application form provided by Campbell Albrecht.
2. Submit the completed loan application to Campbell Albrecht at least 30 days before the date the loan is to be made.
3. Campbell Albrecht will review loan applications for completeness. **Incomplete applications will be returned to the applicant for completion.**
4. Approved loans will be processed and approved/rejected by the Trustee as soon as possible.

Basis for Approvals

Loans are available to all participants without regard to an individual's race, color, religion, sex, age or national origin. An individual may be denied future loans if he or she defaulted on any previous loan.

Limitations

Loans will be subject to the following limitations:

- The minimum amount of any loan is \$1,000.
- The maximum amount of any loan is the lesser of \$50,000 or 50% of the vested interest of the participant in the Plan.
- The \$50,000 maximum amount will be reduced by the participant's highest outstanding loan balance in the previous twelve months, even if amounts have been repaid.
- The balance of outstanding loans to a single participant may not exceed \$50,000.

Interest

Until otherwise determined by the Trustee, the interest rate will be 4.25%. The interest will be constant throughout the term of the loan.

Collateral or Other Security

All loans must be adequately secured. No more than 50% of the present value of a participant's vested interest in the Plan may be considered by the Plan as security for the outstanding balance of all Plan loans made to the participant.

Repayment Terms

All loans are required to be repaid within 5 years of the loan unless the purpose of the loan is to acquire a dwelling unit, which is to be used within a reasonable time as the principal residence of the participant. Loans are to be repaid on the basis of substantially level amortization over the term of the loan with payments deducted from each payroll to the extent that 401(k) deferrals may be made from that same payroll.

Prepayments

Full or partial prepayments are allowed. A partial plan repayment could require the loan to be re-amortized over the remaining term of the loan. An additional fee will apply to partial repayments.

Default

A loan is in default when a scheduled payment is 90 days late. If payment is not received within such stipulated period, the following will take place:

- The delinquent installment will be considered to be in default as of the date the last payment was due.
- If the participant fails to make provisions for repayment reasonably acceptable to the Trustee, at the election of the Trustee, exercised in a uniform and nondiscriminatory manner, the remaining principal and interest on the loan shall be declared due and payable as of the date the last payment was due.
- The amount of the default will be considered as having been received in a taxable event, subject to personal income and penalty taxes. Such tax consequences do not affect the participant's obligation to repay the loan. Form 1099R will be timely issued to the participant and the IRS.

IMPORTANT NOTE:

All participant loans are subject to a maximum loan fee of \$250. Some investment companies charge an additional processing fee. Consult your enrollment book, Summary Plan Description (SPD), or your employer regarding the exact fee.

Obtaining a 401(k) Plan Loan

If your 401(k) plan has a loan provision, and you are considering a 401(k) loan, we at Campbell Albrecht want to make sure that you are educated about many of the risks involved with taking a plan loan. Therefore, we have listed some important information below. If you decide to proceed with the loan, we are happy to get the funds to you as soon as possible.

Participant Loans – Important Information You Need to Know

Job Loss

If you lose your job after you have taken out a 401(k) loan, you will have no method to repay the loan. Loan repayments are made through payroll deductions; no job means no pay check, which means no loan payments. If you think you are at risk for losing your job, or you are thinking about leaving your employer, you will want to make sure you have the ability to repay the loan at separation from service. If you do not repay the loan, the loan will be considered a cash withdrawal. That means you will have to pay taxes on the funds. In addition, unless you are over age 59½, you will pay a 10% penalty to the IRS. In addition, California residents pay a 2.5% state penalty.

Double Taxation

When you take a loan from your 401(k), you face double taxation because you will repay the loan with after-tax money (unlike your contributions to a 401(k) plan, which are made with pretax money). Then you will pay tax again once you retire and withdraw your funds from the plan.

No Deduction

Unlike with a mortgage or a home-equity loan, if you use a 401(k) loan to buy or improve your home, you will not get a tax deduction on the interest you pay.

Not All Loans Are Equal

You should also know that 401(k) loans are not all the same. Different employers have different structures, rules, paybacks and interest rates. In addition, there are fees involved with securing a loan from your 401(k) plan. It is customary for participants to pay for their loan origination and annual maintenance. Our standard loan fees follow. Please note that your plan's loan fees may be higher. Please check with your employer.

Participant Loan Fee: \$100

This one-time fee covers:

- Loan Origination – including:
 - answering participant questions,
 - assistance with loan request form,
 - loan modeling (upon request), and
 - calculation of amount available (multiple sources / off-cycle vesting calculation).
- Loan Processing – including:
 - answering plan sponsor questions,
 - timely preparation of loan documents, including promissory note and amortization schedule,
 - preparation of investment company application,
 - loan approval (if applicable),
 - client follow-up when necessary, and
 - transmittal to Investment Company.

Annual Loan Maintenance Fee: \$25

This “annual” fee is charged at loan origination in advance (5-year loan = \$125) and covers:

- Annual Loan Tracking – including :
 - calculating and/or verifying principal/interest splits,
 - preparing an annual loan audit - i.e. were payments withheld deposited?,
 - roll-up of loan information for reporting purposes (Form 5500), and
 - annual off-cycle “pay-off request” calculation.

Loss of Ability to Save

If, after borrowing from your 401(k) account, you stop contributing while you focus on repaying the loan, your account loses in two ways: Not only do your own contributions stop; so does the company match (if applicable). As a result, your retirement income will grow at a slower rate.

Not All Plans Offer Loans

Just because you have a 401(k) plan does not necessarily mean that loans are allowed. A recent survey suggested that only 51% of all 401(k) plans allowed loans.

As stated above, we do want to help you gain access to your 401(k) funds. However, we want it to be an educated decision on your part. Please know that if you have an emergency, and you do not have access to the funds elsewhere, that a 401(k) loan is the right thing to do.

Please call us if you have any questions.

I have read the information above.

Signature / Date

Note: Please consult your tax advisor if you have questions specific to your situation. Please remit form this with your 401(k) application.