



## PARTICIPANT LOAN POLICY

Your Plan permits loans to be made to Participants, their beneficiaries, and alternate payees pursuant to a written loan policy. All references to Participants in this loan policy include Participants and their Beneficiaries or any alternate payee with respect to the Plan.

The Plan Administrator is authorized to administer the Participant loan policy. A Participant must apply to the Plan Administrator for a loan in the manner set forth by the Plan Administrator.

- A. **LOAN APPLICATION/BORROWER QUALIFICATION.** Any Participant may apply for a loan from the Plan. A Participant must apply for each loan with an application which specifies the amount of the loan desired, the requested duration for the loan and the source of security for the loan.

All loan applications will be considered by the Plan Administrator within a reasonable time after the Participant makes formal application. The Plan Administrator will not investigate the Participant's creditworthiness before making the loan as the loan will be treated as a directed investment of the borrower's Account.

- B. **LOAN LIMITATIONS.** All loans will be made in accordance with the Plan and laws and regulations in effect at the time the loan is made.

The Plan Administrator will not approve any loan to a Participant in an amount which exceeds 50% of his or her nonforfeitable account balance. The maximum aggregate dollar amount of loans outstanding to any Participant from retirement plans sponsored by this Employer may not exceed \$50,000, reduced by the excess of the Participant's highest outstanding Participant loan balance during the 12-month period ending on the date of the loan over the Participant's current outstanding Participant loan balance on the date of the loan.

With regard to any loan made pursuant to this program, the following rule(s) and limitation(s) will apply, in addition to such other requirements set forth in the Plan:

- i. The number of participant loans that can be outstanding from the Plan at one time may be limited by your employer.
- ii. Loan refinancing is not permitted.
- iii. Loans will be permitted for any reasonable purpose.
- iv. The Employer and the Plan Administrator will determine which accounts can be used for loans.

- C. **EVIDENCE AND TERMS OF LOAN.** Any loan granted or renewed under this policy will bear a commercially reasonable rate of interest established by the Plan Administrator. In determining such rate of interest, the Plan will require a rate of return commensurate with the prevailing interest rate charged on similar loans under like circumstances by persons in the business of lending money. Such prevailing interest rate standard will permit the Plan Administrator to consider factors pertaining to the opportunity for gain and risk of loss that a professional lender would consider on a similar arms-length transaction, such as the creditworthiness of the Participant and the security given for the loan. Therefore, in establishing the rate of interest, the Plan Administrator will conduct a reasonable and prudent inquiry with professional lenders in the same geographic locale where the Participant and Employer reside to determine such prevailing interest rate for loans under like circumstances.

- i. The loan must provide at least quarterly payments under a level amortization schedule. If the Participant is currently employed by the Employer and the employer processes loan repayments, the Plan Administrator will require the Participant receiving a loan from the Plan to enter into a payroll deduction to repay the loan. All other loan repayments must be submitted to:

**TCG Administrators Attn: Loan Department**  
**900 S. Capital of Texas Hwy, Suite 350**  
**Austin, Texas 78746**

- ii. Repayments are also available through ACH deduction from your personal account. Loans must be paid as scheduled or in full. No partial payments, advanced payments, or partial prepayments.
- iii. The Plan Administrator will fix the term for repayment of any loan; however, in no instance may the term of repayment be greater than 5 years. A "home loan" is a loan used to acquire a dwelling unit which, within a reasonable time, the Participant will use as a principal residence. The term for a home loan will be 15 years.

- iv. All loans will be considered a directed investment from the account(s) of the Participant maintained under the Plan. As such, all payments of principal and interest made by the Participant will be credited only to the account(s) of such Participant. The loan will be taken pro rata from all investments in your account unless you specify otherwise. The Plan will charge that portion of the Participant's account balances with expenses directly related to the loan set-up, and annual maintenance, if any.
  - v. A loan, if not otherwise due and payable, is due and payable on termination of the Plan, notwithstanding any contrary provision in the promissory note. Nothing in this loan policy restricts the Employer's right to terminate the Plan at any time. If the Plan termination is in connection with a merger or acquisition, the surviving employer will determine if the outstanding loan may be transferred into their plan.
  - vi. Participants should note the law treats the amount of any loan (other than a "home loan") not repaid five years after the date of the loan as a taxable distribution on the last day of the five year period, or, if sooner, at the time the loan is in default. If a Participant extends a non-home loan having a five year or less repayment term beyond five years, the balance of the loan at the time of the extension is a taxable distribution to the Participant.
- D. **SECURITY FOR LOAN.** The Plan will require that adequate security be provided by the Participant before a loan is granted. For this purpose, the Plan will consider a Participant's interest under the Plan (account balance) to be adequate security. However, in no event will more than 50% of a Participant's vested interest in the Plan (determined immediately after origination of the loan) be used as security for the loan. It will be the policy of the Plan not to make loans which require security other than the Participant's vested interest in the Plan.
- E. **FORM OF PLEDGE.** The pledge and assignment of a Participant's account balances will be in the form prescribed by the Plan Administrator.
- F. **MILITARY SERVICE.** If a Participant separates from service (or takes a leave of absence) from the Employer because of service in the military and does not receive a distribution of his or her account balances, the Plan will suspend loan repayments until the Participant's completion of military service. Participant should notify the Plan Administrator of their military leave of absence. While the Participant is on active duty in the United States military, the interest rate on the loan will not exceed six percent (6%), compounded annually.
- G. **LEAVE OF ABSENCE/SUSPENSION OF PAYMENT.** The Plan Administrator will suspend loan repayments for a period not exceeding one year which occurs during an approved leave of absence, either without pay from the Employer or at a rate of pay (after applicable employment tax withholdings) that is less than the amount of the installment payments required under the terms of the loan.
- H. **PAYMENTS AFTER LEAVE OF ABSENCE.** When payments resume following a payment suspension in connection with a leave of absence authorized above, the Participant will select one of the following methods to repay the loan, plus accumulated interest:
- i. The Participant will increase the amount of the required installments to an amount sufficient to amortize the remaining balance of the loan, plus accrued interest, over the remaining term of the loan.
  - ii. The Participant will pay a balloon payment of the remaining unpaid principal and interest, at the conclusion of the term of the loan as determined in the promissory note.
  - iii. The Participant may extend the maturity of the loan and re-amortize the payments over the remaining term of the loan. In no event will the amount of the adjusted installment payment be less than the amount of the installment payment provided under the promissory note. In the case of a non-military leave of absence, the revised term of the loan will not exceed the maximum term permitted above. In the case of a military leave of absence, the revised term of the loan will not exceed the maximum term permitted above, augmented by the time the Participant was actually in United States military service.
- I. **DEFAULT.** The Plan Administrator will treat a loan as in default if:
- i. Any scheduled payment remains unpaid beyond the last day of the calendar quarter following the calendar quarter in which the Participant missed the scheduled payment.
  - ii. Upon default, the Participant will have the opportunity to repay the loan, resume current status of the loan by paying any missed payment plus interest or, if distribution is available under the Plan, request distribution of the note. If the loan remains in default, the Plan Administrator will offset the Participant's vested account balances by the outstanding balance of the loan to the extent permitted by law. The Plan Administrator will also issue a Form 1099 and report the unpaid principal and accrued interest of the defaulted loan as income to the IRS in the year of default. The Plan Administrator will treat the note as repaid to the extent of any permissible offset. Pending final disposition of the note, the Participant remains obligated for any unpaid principal and accrued interest.

**If the Participant has ever defaulted on a loan from this Plan or any other plan of the Employer, the Participant may not have an additional loan from this Plan.**



### Application for Participant Loan

900 S Capital of TX Hwy, Ste. 350

Austin, TX 78746


Loans@tcgservices.com

P: 800.943.9179 F: 888.989.9247

Please submit completed form via fax, email or mail

Sections A-D must be complete for processing

#### A. INFORMATION ABOUT THE PARTICIPANT

Full Name		Social Security #	
Street Address		Date of Birth	
Apt/Bldg #		Contact Phone	
City, State, Zip		Contact Email	
<b>EMPLOYER</b> Through which you have this account		Non-Resident Alien	<input type="checkbox"/> YES <input type="checkbox"/> NO
<b>PLAN TYPE</b>	<input type="checkbox"/> 457(b) <input type="checkbox"/> 401(k) <input type="checkbox"/> 403(b) <input type="checkbox"/> 401(a)		
	Would you like to receive status updates of your request via text message? <i>Message &amp; Data rates may apply</i>	<input type="checkbox"/> YES <input type="checkbox"/> NO	
		Mobile Phone #	

#### B. LOAN REQUEST DETAILS

Amount Requested	\$ _____
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#### C. LOAN TYPE AND TERM

Please select the type of Loan you are requesting below and enter in the number of months over which you wish to repay the loan under the applicable type.

<input type="checkbox"/> Non-Residence Loan	I understand that I must repay this loan within five (5) years in substantially equal payments of principal and interest. I will repay over: _____ months (Max 60 months)
<input type="checkbox"/> Residence Loan	I hereby represent that this loan qualifies for the exception to the five (5) year repayment rule because the proceeds will be used to purchase a dwelling that will be my principal residence. I understand that I must enclose (1) a purchase contract and (2) a good faith estimate as evidence of a home purchase. I will repay over: _____ months (Max 15 years)

#### D. METHOD OF PAYMENT

I understand that if I am presently employed by the Employer sponsoring the Plan, I understand that my Loan will be repaid in equal installments through payroll deductions, unless prohibited by the Employer.



If I am no longer employed by the sponsoring Employer **OR** my Employer does not process loan repayments through payroll, I elect to repay the loan by (choose one of the following):

- Monthly installments
- Quarterly installments

I wish to repay my loan in one of the following methods:

- Check
- ACH Debit from my account (if this option is selected, you will be sent an authorization form with your promissory note.

I understand that I am solely responsible for repayment of the loan, and that if I fail to make timely loan repayments my loan will be defaulted in accordance with the terms of this loan policy. If my employer permits repayment of the loan by payroll, I understand that I am still responsible to ensure that repayments are made timely, and I agree to continue repayments by check if for any reason my repayments are not made timely by payroll deduction by my employer.

**E. CERTIFICATION (PLEASE SIGN BELOW. ELECTRONIC SIGNATURES WILL NOT BE ACCEPTED)**

I understand and agree to the following:

1. I acknowledge that I have been furnished with a copy of the Participant Loan Policy established by the Plan.
2. I understand and agree to execute a promissory note and pledge of 50% of my account balance as security for the loan.
3. I certify that I am of legal age and no proceedings in bankruptcy or insolvency have been instituted or are pending.
4. I certify that no divorce proceedings are currently pending and
5. I understand that if loan repayments are not made as required by this Loan Agreement and Application, this loan will be defaulted and TCG Administrators will report it as a taxable distribution to the IRS.
6. W9: Under penalties of perjury, I hereby certify that: (1) the social security number shown on this application is my correct social security number; (2) the IRS has never notified me that I am subject to backup withholding or has notified me that I am no longer subject to such withholding or I am exempt from such withholding; and (3) I am a U.S. citizen or a U.S. resident alien. *You must cross out item 2 if you have been notified by the IRS that you are currently subject to backup withholding because of underreporting interest or dividends on your tax return.*
7. Loans must be paid as scheduled or in full. No partial payments or advanced payments (unless paid-in-full).
8. I certify that I have not defaulted on any loan with this employer.

By signing below, I certify that all the information that I have provided above is correct and complete and that I have read, understand and agree to the terms of this Loan Policy and Loan Application. I understand there is a one-time \$50 loan initiation fee. I hereby authorize the Plan Administrator to verify the statements in this application and to obtain any information the Plan or its authorized representative may require in connection with this application.

Signature of Applicant		Date	
Signature of Applicant's Spouse		Date	



## TCG Administrators DIRECT DEPOSIT AGREEMENT FORM

TCG Administrators offers direct deposit as a faster way to receive the funds from your Distribution/ Loan request. This service comes at an additional cost of \$25.00 per transaction. By signing this form below, you are authorizing TCG Administrators to deduct the \$25.00 from the retirement account from which you have made the Distribution/Loan request.

### AUTHORIZATION AGREEMENT

I hereby authorize TCG Administrators to initiate an automatic deposit to my account at the financial institution named below. I also authorize TCG Administrators to make withdrawals from this account in the event that a credit entry is made in error.

Further, I agree not to hold TCG Administrators responsible for any delay or loss of funds due to incorrect or incomplete information supplied by me or by my financial institution or due to an error on the part of my financial institution in depositing funds to my account.

By signing below, I understand that TCG Administrators uses a fraud detection services platform, GIACT, to check that the account information provided matches the account name. If GIACT does not come back with a PASS code upon the first ACH attempt, TCG will try the second provided account. If only one account is provided and it fails, or both provided accounts return a fail code, then a check will be mailed to the address on file. If the address on file does not match the address provided for your request, your request will be delayed. We will need to voice verify the new address or you can include a copy of your driver's license with your request to avoid delay.



**TCG Administrators**  
**DIRECT DEPOSIT**  
**AGREEMENT FORM**

**ACCOUNT INFORMATION (Primary Account)**

Name of Financial Institution \_\_\_\_\_

Routing Number \_\_\_\_\_

Account Number \_\_\_\_\_

Account Type       Checking Account       Savings Account

Account Name \_\_\_\_\_  
(Name of the Account Holder)

**ACCOUNT INFORMATION (Secondary Account)**

Name of Financial Institution \_\_\_\_\_

Routing Number \_\_\_\_\_

Account Number \_\_\_\_\_

Account Type       Checking Account       Savings Account

Account Name \_\_\_\_\_  
(Name of the Account Holder)

**SIGNATURE**

Authorized Signature (Primary) \_\_\_\_\_ Date \_\_\_\_\_

Authorized Signature (Joint) \_\_\_\_\_ Date \_\_\_\_\_

A signature is required. Electronic signatures will not be accepted.