

## **I.B.E.W. LOCAL NO. 332 PENSION PLAN PART B**

### **LOAN APPLICATION**

#### Instruction and Loan Information

The I.B.E.W. Local 332 Pension Plan Part B Loan Program allows eligible participants to take a loan from the Plan, secured by their Plan account.

#### Eligibility Criteria:

- Plan account balance is at least \$2,500
- Worked in covered employment during the last twenty-four (24) months preceding the requested date of the loan

A participant is not eligible for a Plan Loan if he/she 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.

Also, a participant who previously defaulted on a Plan Loan is not eligible for another Plan Loan.

Allowable Loan Amount: The minimum loan amount is \$1,000. The maximum loan amount is 50% of the participant's Plan account balance, up to a maximum of \$50,000.

#### Loan Term:

- Payment Period: Plan Loans will be amortized over the period selected by the participant. Plan Loans for all purposes other than the purchase of a principal residence are limited to a maximum of 60 months. The term of a Plan Loan for the purchase of a principal residence can be up to 360 months. To obtain a Plan Loan for the purchase of a principal residence, the participant must provide proof that the loan proceeds will be used to purchase a principal residence. The residence must continue to be the participant's primary residence for the duration of the Plan Loan. The loan proceeds will be made payable directly to the escrow company involved in the purchase of the new residence.
- Interest Rate: The interest rate is the United States Prime Interest Rate on the effective date of the Plan Loan.
- Payments: **Payments are due on the first (1<sup>st</sup>) of each month.** A coupon packet will be provided annually. Payments received on or after the 16th day of any month are considered late and are subject to a late fee of \$15. The late fee is due with the next monthly payment. If the late fee is not paid with the next monthly payment, it is deducted from the amount credited to the participant's Plan account. No additional interest will be charged on a late payment.
- No Prepayment Penalty: A participant may repay the full balance of the loan, plus any outstanding interest, at any time. There is no prepayment penalty.
- Default: **If a participant defaults on a Plan Loan, it will be declared a distribution under the Plan and is taxable. A 1099 will be issued at the end of the year for the default amount.** 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.

Application Fees: Application fee of \$200 for a general-purpose Plan Loan. If the Plan Loan is for the purchase of the participant's principal residence, the application fee is \$212 (includes a \$12 writing fee).

Monthly Service Fee: A monthly service fee of \$15.

Spousal Consent: The spouse of a married participant must agree to use the participant's Plan account balance as collateral for the Plan Loan by completing the Spousal Consent portion of the Application.

Crediting of Payments: All of the principal and interest paid is credited to the participant's Plan account, except for the monthly \$15 service fee. The only income credited to the Plan account on the Plan Loan balance is the interest paid by the participant.

Plan Distribution Options: A Plan Loan affects a participant's right to distributions from the Plan in several ways:

- 1). No distribution will be made of the pledged portion of the Plan Account while it is used as security for a Plan Loan.
- 2). Upon retirement, **a participant may have the loan declared a distribution**, with spousal consent (if married).

**TO APPLY FOR A LOAN, YOU MUST SUBMIT A COMPLETED PLAN LOAN APPLICATION AND THE APPLICABLE APPLICATION FEE.** You may withdraw your application at any time by notifying the Trust Fund Office.

If the application or a Plan Loan is approved, the participant will be provided with a full disclosure of the terms of the Plan Loan. The participant will have 30 days in which to accept the Plan Loan by signing the Promissory Note and Security Agreement, promising to repay the loan, and pledging part of the Plan account balance as collateral for the Plan Loan. Extension of the 30 day period can be requested in writing. However, if the Promissory Note and Security Agreement are not returned within 90 days of the date the Application is submitted, the participant must reapply.

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, CA 95150.

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) 288-4556 or write the Trust Fund Office at PO BOX 5057, San Jose, California, 95150.

**Dear Participant,**

**Please include a copy of the following documents with your completed application:**

- Birth Certificate for you and your spouse.
- Marriage Certificate (if Applicable).
- If you have been divorced, submit a copy of your Divorce Decree/Judgment of Dissolution, with any Marital Settlement Agreement or Property Settlement Agreement. If there is a Qualified Domestic Relations Order, that needs to be provided.
- If the purpose of the loan is for the purchase of your principal residence, submit a copy of the real estate purchase agreement, loan estimate, and/or closing document.
- Please include the **Loan Application Processing fee of \$200.00 (General Purpose Loan) or \$212.00 (Principal Residence Loan)**. Checks are payable to: **I.B.E.W 332 Pension Plan Part B**.

If you have any questions, you may contact the Trust Fund Office (408)288-4556 or toll free at 1(800) 541-8059 Extension 4556 (California residence only).

# I.B.E.W LOCAL NO. 332 PENSION PLAN PART B

## LOAN APPLICATION

### APPLICANT

Name: \_\_\_\_\_ Social Security No.: \_\_\_\_\_

Address: \_\_\_\_\_ Date of Birth: \_\_\_\_\_

\_\_\_\_\_  
Telephone: \_\_\_\_\_

E-mail Address: \_\_\_\_\_

Marital Status:  Single  Married  Divorced.

**If you are married, your spouse must consent to the loan. If you are divorced, you are required to submit your divorce documents, with all attachments, as well as any Qualified Domestic Relations Order (QDRO).**

**SPOUSE:** Name: \_\_\_\_\_ Social Security No: \_\_\_\_\_

Date of Birth: \_\_\_\_\_

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**LOAN:** Purpose of Loan:  General Purpose (60 Months)  Home Loan (Up to 360 Months)

Provide proof of purpose, such as contract of sale, if for the purchase of a primary residence (which may be repaid over a period of more than five (5) years.)

**AMOUNT OF LOAN REQUEST:** \$ \_\_\_\_\_

(Half of your account balance or less up to a maximum of \$50,000.00)

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### STATEMENT OF APPLICANT

I hereby apply for a I.B.E.W Local 332 Pension Plan Part B Loan, as described in this Application. I agree to be bound by the rules of the Plan Loan Program. I understand that my account balance in the Plan will be pledged as security for the Loan and that if I default, the balance outstanding on the Loan at the time of the default will be lost to my account balance and it will be treated as a taxable distribution. I also understand that no distribution will be made of the portion of my account balance, which is being used as security for my loan.

In connection with this Application, I certify that the above statements are true, complete, and correct. I agree to notify you of any material change in the information, which has been provided in this Application. I authorize you to obtain such information as you may require from whichever sources you may deem necessary concerning any statements made on this Application.

Participant Signature: \_\_\_\_\_ Date : \_\_\_\_\_

**SPOUSAL CONSENT**

**(For use of Account Balance as Security for Plan Loan)**

Participant: \_\_\_\_\_

Loan Amount: \$ \_\_\_\_\_

I understand that my spouse has applied for a Plan Loan in the above amount, and that the following rules of the Plan Loan Program will apply to the Loan:

1. A portion of my spouse's account balance in the I.B.E.W. Local No. 332 Pension Plan Part B, equal to the amount of the loan, will be pledged as security for the Loan; and
2. No interest or income will accrue on the portion of the account balance used as security for the Loan, except the interest paid on the loan; and
3. No distribution will be made of the portion of the account balance which is being used as security for the Loan; and
4. If my spouse defaults, the balance outstanding on the Loan at the time of the default will be lost to the account balance and will be treated as a taxable distribution. This may result in a substantial tax liability for a premature distribution from a pension plan.
5. I may withdraw my consent at any time in writing, until the loan is given to my spouse. Unless withdrawn, this consent will be considered conclusive, and no further consent will be requested of me.

I hereby consent to the use of my spouse's Plan account balance as security for this Loan. I authorize you to obtain such information as you may require from whichever sources you may deem necessary concerning any statements made on the Application.

\_\_\_\_\_  
Spouse Signature

\_\_\_\_\_  
Date

**(Must be Notarized)**