

**SHEET METAL WORKERS LOCAL NO. 71  
ANNUITY PLAN**

**PARTICIPANT LOAN PROGRAM**

The Sheet Metal Workers Local No. 71 Annuity Plan permits loans to be made to Participants and their beneficiaries. However, before any loan is made, the Plan requires that a written loan program be established which sets forth the rules and guidelines for making Participant loans. This document shall serve as the required written loan program. In addition, the Plan Administrator may use this document to serve as, or supplement, any required notice of the loan program to Participants and their beneficiaries. All references to Participants in this loan program shall only include Participants and their Beneficiaries or any alternate payee with respect to the Plan. Furthermore, it shall only include those individuals to the extent they are "parties in interest" as defined by ERISA Section 3(14).

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

1. **LOAN APPLICATION.** 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 applies for the loan. The Participant will be required to provide any supporting information deemed necessary by the Plan Administrator. This may include a financial statement, tax returns and such other financial information which the Plan Administrator may consider necessary and appropriate to determine whether a loan should be granted. The Participant will also authorize the Plan Administrator to obtain a credit report on the Participant.

The Plan Administrator will determine whether a Participant qualifies for a loan, applying such criteria as a commercial lender of funds would apply in like circumstances with respect to the Participant. Such criteria shall include, but need not be limited to, the creditworthiness of the Participant and his or her general ability to repay the loan, the period of time such Participant has been employed by the Employer, whether adequate security has been provided for the loan, and whether the Participant agrees, as a condition for receiving the loan, to make repayments through direct, after-tax payroll deduction.

2. **LOAN LIMITATIONS.** No loan may be in an amount which exceeds 50% of a Participant's nonforfeitable account balance. The maximum aggregate dollar amount of loans outstanding to any Participant 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) shall apply, in addition to such other requirements set forth in the Plan:

- No loan in an amount less than \$1,000 will be granted to any Participant.
- A Participant can only have 1 loan currently outstanding from the Plan.
- All loans made pursuant to this program 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 Plan also will charge that portion of the Participant's account balances with expenses directly related to the origination, maintenance and collection of the note.
- Married Participants must receive his/her spouse's consent to the loan.

3. **EVIDENCE AND TERMS OF LOAN.** The Plan Administrator will document every loan in the form of a promissory note signed by the Participant for the face amount of the loan, together with a commercially reasonable rate of interest.

Any loan granted or renewed under this program 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. The interest rate will be fixed for the duration of the loan.

The loan must provide at least quarterly payments under a level amortization schedule.

The Plan Administrator will fix the term for repayment of any loan, however, in no instance may the term of repayment be greater than five years, unless the loan qualifies as a home loan. 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.

Unless the Participant is a "party in interest" on the day after his or her termination of employment with the Employer, a loan becomes due and payable when the Participant ceases to be available for work in the jurisdiction of the Sheet Metal Workers Local No. 71. If

the Participant doesn't repay the loan within 60 days after termination of employment occurs or takes a distribution from the Plan, whichever is earlier, the loan will be considered in default and reported as a taxable distribution. If the terminated Participant receives a distribution, their account is reduced (offset) in order to repay the loan. The Participant should consult their tax professional regarding treatment of the deemed distribution with regard to rollover options.

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.

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.

4. 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 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. Generally, 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. However, if additional security is necessary to adequately secure the loan, then the Plan Administrator will require that such security be provided before the loan will be granted.

5. FORM OF PLEDGE. The pledge and assignment of a Participant's account balances will be in the form prescribed by the Plan Administrator.

6. 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 shall suspend loan repayments until the Participant's completion of military service. The Employer will provide the Participant with a written explanation of the effect of the Participant's military service upon his or her Plan loan. While the Participant is on active duty in the United States military, the interest rate on the loan shall not exceed six percent (6%), compounded annually.

7. PAYMENTS AFTER LEAVE OF ABSENCE. When payments resume following a payment suspension in connection with a leave of absence authorized in 6 above, the Participant shall select one of the following methods to repay the loan, plus accumulated interest:

- The Participant shall 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.
- The Participant shall 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.
- The Participant may extend the maturity of the loan and reamortize the payments over the remaining term of the loan. In no event shall 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 leave of absence described in item 6 above, the revised term of the loan shall not exceed the maximum term permitted under item 3 above, augmented by the time the Participant was actually in United States military service.

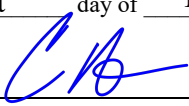
9. DEFAULT. The Plan Administrator will treat a loan in default if:

- a missed scheduled payment remains unpaid beyond the last day of the calendar quarter following the calendar quarter in which the Participant missed the scheduled payment\*\*; or
- the Participant makes or furnishes any false representation or statement to the Plan.

*\*\* In order for a missed payment to be considered 'paid' a Participant must submit payment outside of their regularly scheduled monthly check or ach payment.*

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 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.

Adopted this 1st day of May, 20 22. This loan program may be amended from time to time.

  
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Plan Administrator  
Sheet Metal Workers Local No. 71 Annuity Plan