

EDER RETIREMENT PLAN 403(b)(9) LOAN POLICY AND ADMINISTRATION

ARTICLE I ELIGIBILITY

1.01 Eligible Loan Applicants

Only active Employees who participate in a deferred compensation plan may request a loan from the Eder Retirement Plan.

1.02 Eligible Money Source

Only balances in the Participant's Personal Account are eligible for a loan. The Participant must have a minimum balance of \$2,000 in their Personal Account in order to take out a loan.

1.03 Spousal Consent

If married, Participant must provide written spousal consent prior to receiving a loan from any portion of his or her account balance.

ARTICLE II PRINCIPAL AMOUNT

2.01 Minimum Principal Amount

The minimum principal amount that a participant may request is \$1,000.

2.02 Maximum Principal Amount

The maximum principal amount of any loan balance owed by a Participant to this Plan shall not exceed the lesser of: (1) fifty thousand dollars (\$50,000) reduced by the excess (if any) of the Participant's highest outstanding balance of loans during the one year period ending on the day before the loan is made, over the outstanding balance of loans from the Plan on the date the loan is made, or (2) fifty percent (50%) of a Participant's Personal Account. For purposes of this limit, all plans of the Employer shall be considered one plan. The participant is responsible for ensuring that the aggregated loan amount on all plans sponsored by the same employer is the lesser of \$50,000 or 50 percent of the vested eligible account balance.

ARTICLE III NUMBER OF LOANS PERMITTED

3.01 Maximum Number of Loans

A participant may have a maximum of one outstanding loan at a time.

ARTICLE IV

COST

4.01 Origination Fee

A loan origination fee in the amount of one hundred dollars will be deducted from the account at the time the loan is initiated.

4.02 Administrative Fee

No administrative fee will be charged.

4.03 Distribution of Proceeds Fee

If a Participant requests loan proceeds to be delivered via ACH or check, a fee of twelve dollars will be charged.

4.04 Express Delivery Fee

If a Participant requests their loan check to be sent via express delivery, an additional charge of thirty-seven dollars will be deducted from the account.

4.05 Additional Fees

Additional fees may be required depending on state law. For example, residents of the State of Florida are required to pay a documentary stamp tax on pension loans. More information is available at <http://www.myflorida.com/dor/>.

ARTICLE V

LOAN INITIATION

5.01 Application Process

A Participant will apply for a loan by downloading a loan application from their online account, or by contacting the Eder Retirement Plan (ERP) Service Center. If the request is approved, the ERP Service Center will send the Promissory Note, which includes a Truth-in-Lending Disclosure Statement, Terms and Conditions, and Amortization Schedule to the applicant; it does not need to be signed or returned. By endorsing the loan check or accepting an ACH payment, the Participant agrees to the terms of the Note and the repayment obligation.

5.02 Availability of Plan Loans

Plan Sponsors will be required to opt for loans in the fully-executed Adoption Agreement, in order for Employees to have access to Plan loans.

5.03 Effective Date

All loans shall be made effective as of the Valuation Date following the receipt of a properly filed loan application, and loan funds shall be disbursed as soon as practicable thereafter. The term “Valuation Date” means any day on which the Investment Funds are revalued.

ARTICLE VI DISTRIBUTION OF PROCEEDS

6.01 Funding Source

Distribution amounts of loan proceeds will be made from the Employee's Personal Account only, and fund liquidation will be prorated from all available investment sources. Funds will be distributed in order of priority from Employee's Eligible Rollover Contributions, Tax-Sheltered Contributions, After-Tax Rollover Contributions, Tax-Paid Contributions, Roth Rollover Contributions, and Roth Contributions.

ARTICLE VII TYPES OF LOANS AVAILABLE

7.01 General Purpose Loans

General Purpose Loans are available to Employees of any Plan Sponsor that has elected to allow loans in their Adoption Agreement. General Purpose loans have a term of one to sixty months. No reason or documentation (other than a signed Promissory Note) is required when a Participant requests a General Purpose Loan. The interest rate for this type of loan is fixed for the life of the loan. The interest rate is equal to one percent over the Prime Rate published in the Wall Street Journal on the first business day of the month before the loan is originated.

7.02 Principal Residence Loans

Principal Residence Loans are available to Employees of any Plan Sponsor that has elected to allow General Purpose Loans in their Adoption Agreement, as well as Employees of Congregations, Districts, and Camps. A Principal Residence Loan has a term of sixty to one hundred eighty months. This loan must be used for the purchase of a primary residence only. A fully executed copy of the contract to purchase the home will be required. The interest rate is equal to one percent over the Prime Rate published in the Wall Street Journal on the first business day of the month before the loan is originated.

ARTICLE VIII

INTEREST

8.01 Interest Rate

Each loan shall bear a reasonable rate of interest as determined by Eder.

8.02 Tax Rules

Interest paid on retirement plan loans is not income tax-deductible.

ARTICLE IX **PAYMENT REQUIREMENTS**

9.01 Payment Method

Scheduled payments must be made by payroll deduction for each pay period until the loan is paid in full. Loan repayments will be allocated to the Participant's account according to their current investment allocation choices and percentages. The Participant is required to authorize, irrevocably, payroll withholding in the amount of each installment.

9.02 Commencement of Payments

Once a new loan has been initiated, the Plan Sponsor's payroll department will be sent a report or an electronic file to begin loan payments. Loan repayments must begin on time or the loan payments will be in arrears. If loan payments are not caught up in time, the loan may default. Loan default results in adverse tax consequences to the Participant.

9.03 Avoiding Default

- (a) Any amount paid out of a plan will be treated as a taxable distribution unless the plan loan rules under Code section 72(p) and the applicable Treasury regulations are followed.
- (b) Payments must be made in level amortized amounts and must be made at least quarterly.

- (c) Missed payments must be received prior to the end of the calendar quarter following the quarter in which the payment was missed.
- (d) If a Participant fails to make a loan repayment on time, and the missed loan repayment(s) is/are not made by the end of the following calendar quarter, the loan is in default and ceases to comply with Code section 72(p).
- (e) The entire outstanding loan balance plus accrued interest at the time of the default is taxable to the Participant as a deemed distribution.

9.04 Missed Payments

The plan loan rules under Code section 72(p) do not provide a mechanism to ignore missed payments or to reverse a loan that has already defaulted. Loans are in arrears and delinquent when any payment is missed. A late loan payment notice will be issued after the end of the calendar quarter in which the payment is delinquent. If all missed payments are not made by the end of the calendar quarter after the calendar quarter in which a payment is first missed such that the loan is totally paid up to date, the loan will be in default. In that event, the entire outstanding loan balance, consisting of the missed payments, all accrued but unpaid interest and the remaining principal, will be reported to the IRS as taxable income on a Form 1099-R for the year in which the loan default occurs.

9.05 Final Payment

The Plan Sponsor's payroll department will be notified of the final loan payment amount prior to the final payment due date. There is no opportunity to cure a late payment once the term has expired.

9.06 Severance of Employment

Participants who leave service prior to the end of the loan term will be required to pay off the loan at severance of employment. A former participant may avoid treatment of an unpaid loan as a "deemed distribution" and reporting of income to the IRS by paying the loan balance by the end of the grace period via a cashier's check, money order, or ACH payment. Non-payment will force a "deemed distribution" and reporting of taxable income in the year the "deemed distribution" occurs.

9.07 Leave of Absence

When a Participant takes a leave of absence of not longer than 1 year, either without pay from the Employer or at a rate of pay that is less than the amount of the installment payments required under the terms of the loan, the Plan Sponsor should provide start and stop dates for the leave of absence. The loan may be reamortized when the Participant returns from leave to pay the loan in full by the maturity date of the loan. The entire outstanding loan balance, including all accrued but unpaid interest, will be reamortized.

9.08 Military Leave

If the Participant takes a military leave of absence, the interest rate on the loan will be reduced to six percent, during the period of military service provided the interest rate on the loan is greater than six percent. Loan payments must resume upon the Participant's return from military leave. The term of the loan may be extended by the term of the military leave. The entire outstanding loan balance, including all accrued but unpaid interest, will be reamortized.

9.09 Distribution of Benefit After Severance

The Participant's outstanding loan balance will be offset upon receiving any type of distribution after severance of employment. As required by federal tax regulations, a participant's defaulted loan will remain on the books until a qualifying event occurs, even though income has been reported to the IRS.

9.10 Distribution of Accrued Benefit Prior to Loan Payoff

If the Participant's Personal Account balance is to be distributed prior to the Participant's payment of all principal and accrued interest on any loan to such Participant, the distribution shall include, as an offset, the amount of unpaid principal and accrued interest on the loan as of the date of such distribution.

9.11 Partial Payments on Past-due Amounts

Partial lump sum loan repayments, via a cashier's check, money order, or ACH, are permitted in order to catch up on a past-due amount. Other partial payments are not permitted.

ARTICLE X **EARLY LOAN PAYOFF**

10.01 Payment in Full

A loan can be paid in full at any time, in the form of a cashier's check, money order, or ACH payment. The Participant may obtain a loan payoff quote by contacting the ERP Service Center. The loan payoff quote is valid for fifteen days from the date it is obtained.

ARTICLE XI **OUTSTANDING LOAN AT DEATH**

11.01 Distribution Treatment and Tax Reporting

All outstanding loan principal and accrued interest shall be treated as a distribution from the plan when the ERP Service Center is notified of a Participant's death. A deceased Participant's loan may not be transferred or assumed by the Participant's beneficiary(ies). If a Participant's loan has not been repaid as of the date of the Participant's death, any distributions made from the deceased Participant's plan account

will be made net of any outstanding loan obligations. The amount of the outstanding loan as of the Participant's date of death will be tax reported as a distribution to the Participant or to the estate as applicable.

ARTICLE XII
FUTURE ADDITIONS

12.01 Future Tax Law Changes

Future tax laws regarding plan loans will be incorporated into this loan policy and the Promissory Note.

ARTICLE XIII
ENFORCEMENT

13.01 Requirement to Enforce

Eder Retirement Plan is required to enforce these rules. The loan policy and loan administration procedures have been developed to comply with the requirements of Internal Revenue Code section 72(p) and the federal Treasury regulations thereunder, as amended from time to time.