



Plan Administrators, Inc.

## Loan Application

Subject to Joint & Survivor Annuity

Plan Name \_\_\_\_\_

Your Name (Print) \_\_\_\_\_ SSN \_\_\_\_\_

Address \_\_\_\_\_

Phone Number \_\_\_\_\_ (in case of any questions)

### **PARTICIPANT LOAN REQUIREMENTS:**

#### **Eligibility**

Your retirement plan must allow for participant loans in order to receive a loan from the Plan. Additionally, your Plan may only allow participant loans in cases of financial hardship. If your plan has a financial hardship provision, you must attach proof of the hardship to this application. Hardship reasons are typically defined as: prevention of eviction or foreclosure of your primary residence; payment of tuition for you, your spouse or children; payment of unreimbursed medical expenses for you, your spouse or children; or payment of funeral expenses of an immediate family member. If you currently have an outstanding loan from the plan, please note that most plans allow one outstanding loan at a time. MVP will contact you if additional information is required or if there are any other issues that will prevent us from fulfilling your request.

#### **Loan Amount**

A loan cannot exceed 50% of your vested accrued benefit not to exceed \$50,000 reduced by your highest outstanding loan balance during the last 12 months. This limit applies to all existing loans. Your plan may also have a minimum loan amount requirement.

#### **Maximum Loan Term**

To be non-taxable, the loan must be repaid within 5 years. It may be repaid sooner without penalty. Exception: the term of a loan used to purchase a principal residence for the participant may exceed 5 years. The maximum term is 30 years for such a loan. However the loan term cannot pass your reaching normal retirement age (65). If you are requesting a primary residence loan, please submit documentation supporting this request.

#### **Interest Rate**

The interest rate for a participant loan from a retirement plan is determined by the Loan Program for the Retirement Plan. If a Loan Program is absent, The Department of Labor states that the interest rate must be comparable to the current interest rates charged by financial institutions for similar loans. A lower interest rate may be charged only if you can provide acceptable evidence that a financial institution would make a similar loan to you at that rate.

#### **Collateral**

Your vested accrued benefit under the plan will serve as collateral for the loan. If you are married, your spouse will be required to consent to the use of your vested accrued benefit as collateral.

#### **Payments**

Interest and principal payments are fully amortized through the period of the loan. MVP Plan Administrators, Inc. requires that you make payments through payroll withholding. It is your responsibility to ensure that payments are being deducted from your paycheck on a regular basis. Loan payments must be deducted while you are employed with the plan sponsor. You do not have the option to stop loan payment deductions from your pay.

#### **Interest Deductibility**

Interest on loans under 401(k) plans are not tax deductible.

#### **Default**

Your loan will be in default if a scheduled payment becomes overdue according to the terms of the plan. Upon default, the Trustee may treat the entire principal balance of the loan as immediately due and, in the case of some plans, your vested accrued benefit will then be reduced by the amount of the outstanding principal and interest on the loan. In other cases, this offset will not occur until you are entitled to receive benefits (for example, upon termination of employment).

#### **Fees**

The loan application fee is \$75.00. This fee either will be deducted from your account balance, from the loan proceeds, or included in the loan amount and then deducted in accordance with the terms of the Plan. (This fee is non-refundable.)

**PARTICIPANT LOAN APPLICATION:** Please complete all areas; incomplete areas may cause a delay in processing.

**Loan Amount:** (check one):

1. \$ \_\_\_\_\_ (Fill in a dollar amount)
2. The maximum non-taxable amount available.

**Please Note:** The \$75.00 loan application fee will be deducted as noted in the "Fees" section above.

**Loan Terms** (complete 1 and 2):

1. Loan Term  
\_\_\_\_\_ Years **Note:** The loan term can exceed 5 years only if the loan proceeds will be used to purchase a principal residence for the participant. See **Maximum Loan Term**.
2. Repayment Schedule, please indicate your payroll frequency: (HOW OFTEN YOU ARE PAID)
- Quarterly (4 times per year)
- Monthly (12 times per year)
- Semimonthly (24 times per year)
- Biweekly (26 times per year)
- Weekly (52 times per year)

**Marital Status (check one):**

- I am single (if you select this option, continue to next section "Payment Information" below)
- I am married (if you select this option, check one box below)

**Spousal information (check one):**

- I am married and my spouse has consented to this election. (Page 3 – "Spousal Consent to Waiver" must be completed and submitted)
- I am married, but my spouse's written consent to this election is not required because: (Check applicable reason below)
- My spouse cannot be located. I agree to inform the Plan Sponsor if the location of my spouse becomes known.
- My spouse and I are legally separated and a copy of the court order to that effect is attached. (Note: A qualified domestic relations order (QDRO) may require you to obtain your spouse's consent.)
- My spouse has abandoned me and a copy of the court order to that effect is attached.

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**PAYMENT INFORMATION – Please review carefully**

A check will be mailed to your home address, as listed on the first page of this application, or to the plan sponsor. You can expect your distribution check typically within 2 weeks from the date these completed forms are received by MVP Plan Administrators, Inc. If available, you may elect an electronic funds transfer by completing the **EFT** section below to have your loan amount electronically transferred to your savings or checking account. **PLEASE NOTE:** Your retirement may not allow for **EFT's**. If not, a check will be mailed to your home address, as listed on the first page, or to the address of the plan sponsor.

IF an **Electronic Funds Transfer (EFT) is available**, for your plan, please complete the required information below and your balance will sent via **EFT**. If it is not available a check will be mailed to your home address.

Bank Name: \_\_\_\_\_ (must be full and proper name of bank)

ABA Number: \_\_\_\_\_ (request from your bank)

Account Number: \_\_\_\_\_  Checking Account  Savings Account

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## PARTICIPANT AGREEMENT

I agree to make interest and principal payments when due. I understand that failure to make such payment when due could jeopardize the status of this loan as a non-taxable transaction and could result in the IRS treating the loan proceeds as a taxable distribution to me. I also understand that failure to repay this loan will reduce the benefits available to me from the retirement plan (by the amount of the outstanding loan balance plus accrued interest). I also understand that it is my responsibility to be certain that loan payments are being deducted from my paycheck. I will contact my HR department immediately if I notice that loan payments are not being deducted from my paycheck.



\_\_\_\_\_  
Participant Signature

\_\_\_\_\_  
Date

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## SPOUSAL CONSENT TO WAIVER

I hereby voluntarily consent to the foregoing election by my spouse. I further consent to the payment of the loan to my spouse. I agree to release and discharge the Trustee, Plan Administrator, and Plan Sponsor (Employer) from all liability for acting pursuant to this consent.



\_\_\_\_\_  
Spouse's Signature

\_\_\_\_\_  
Date

**A Notary Public or the Plan Sponsor must witness this Spousal Consent.**

### ***Witness to Spousal Consent:***

\_\_\_\_\_  
Plan Sponsor

\_\_\_\_\_  
Date

**OR**

### ***Notary:***

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Notary Public Signature \_\_\_\_\_ Date \_\_\_\_\_

State of \_\_\_\_\_ Commission Expires \_\_\_\_\_

**YOU MAY EITHER MAIL YOUR FORMS BACK TO MVP PLAN ADMINISTRATORS,  
INC. AT PO BOX 5828, CARY, NC 27512-5828 OR FAX THEM TO (919) 465-2210.**

**IF YOU FAX YOUR FORMS – YOU DO **NOT** NEED TO MAIL THEM!**

Retirement Plan Administrators & Consultants

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