



IBEW LOCAL 595 TRUST FUNDS



NEW RULES ON LOANS (For Loans Starting on or After January 1, 2016)¹

The new loan rules are as follows:

LOAN APPLICATION

Borrowing Money From Your Account

If the value of your individual account balance is \$5,000 or more, you may be eligible to borrow money from your account. **If you apply for and take a loan distribution, your Individual Account balance will be reduced by the amount of the loan. After taking the loan, your monthly loan payments will be credited to your Individual Account.**

Eligibility

Loans are available to any Plan Participant or Beneficiary (other than surviving spouses) if the account balance is at least \$5,000 and your Individual Account has not been withdrawn or terminated. If you are married, your spouse must consent to the loan in writing, witnessed by a representative of the Fund Manager or notary public.

Your loan may not be approved if:

- you have defaulted on a prior loan from the Plan (with limited exceptions described below);
- there is a reasonable possibility you will not repay the loan;
- the purpose of the loan is to transfer the proceeds to another party that would normally be a prohibited transaction under the Plan;
- you do not submit additional requested information in a timely manner;
- you do not follow the Plan's loan procedures; or
- you are going through a divorce where a QDRO has not been established.

Minimum and Maximum Loan Amount

The minimum loan amount is \$2,500. No loan amount may exceed the lesser of:

- a) \$50,000 reduced by the highest outstanding balance of a loan from the Plan during the one (1) year period ending on the day before the date on which such loan is made, or
- b) The greater of fifty percent (50%) of your Individual Account balance or \$10,000.

¹ All loans for which distributions were made prior to January 1, 2016 will be administered under the loan rules in effect prior to that date.

Loan Application

You must submit an application for a loan. Please contact the Plan Office to request a loan application. When you request an application, you will also receive additional information about the Plan's loan procedures. Loan applications for the purchase of your primary residence must include a copy of a fully-executed purchase agreement, escrow agreement, related loan papers (i.e. mortgage documents) and closing statement. Loan applications submitted with all required documentation on the 10th calendar day of each month may be funded by the first business day of the following month. You may have only one loan outstanding at one time.

Repayment and Terms

The minimum loan period is 1 year. Generally, the maximum loan period is 5 years. However, if the purpose of the loan is for the purchase of your primary residence, the maximum loan term is 10 years.

If you have an outstanding loan balance when a monthly required distribution is made to you because you have reached a date where minimum distributions are required by law, you must maintain an account balance with a minimum value that is equal to the loan value multiplied by a factor of 1.2. If your loan balance exceeds this ratio, you will be required to make an additional loan payment to reduce your loan balance. Otherwise, if you do not make such payment, your loan will be come due and payable in full.

Interest

You must pay interest on your loan. The interest rate on Plan loans is the prime rate published in Reuters or the Wall Street Journal on the first Friday of the month prior to the month in which you receive your loan, plus 1%. The interest you pay on your loan will be credited to your Individual Account.

Loan Default

If your loan payment is not received by the last day of the calendar quarter following the calendar quarter in which the payment was due, your loan will be considered in default. If your loan is in default, the Trustees and the Plan Office must notify the Internal Revenue Service. Your outstanding balance (including any outstanding interest) will be classified as a distribution and you may incur tax penalties. The Trustees may take legal action necessary to recoup any payments due or the full outstanding balance.

You will not be eligible to receive another loan from this Plan if you default on your loan. You may, however, be relieved of this restriction if:

- you repay the original loan, with all accrued interest, to the Plan before you apply for a new loan, and
- the prior default did not occur during the ten (10) year period prior to your application for a new loan.

Repayment of a loan previously in default will not relieve you of any tax penalties incurred on account of the prior default.

This Notice shall serve as a Summary of Material Modifications to your Plan and should be kept with your current Summary Plan Description for future reference. You can find out more about the Plan in the Plan's Summary Plan Description (SPD) and Plan Document. To obtain more information about Loans you can contact the Plan Office by calling **(925) 208-9996** or by writing to:

IBE Local 595 Benefit Plans
c/o BeneSys Administrators
P.O. Box 3420
San Ramon, CA 94584



IBEW LOCAL 595 TRUST FUNDS

APPLICATION



Last Name

First Name

Social Security Number

Address

Date of Birth

City, State, Zip Code

Telephone Number

Present Employer

Work Phone Number

Marital Status: ☐ Single ☐ *Married ☐ *Divorced ☐ *Widowed ☐ *Separated ☐ *Other
*If response is other than Single, please supply supporting documents.

Spouse's/Domestic Partner's Last Name

First Name

Address

City, State, Zip Code

AMOUNT OF LOAN REQUESTED \$ _____

Loans must be in full dollar amounts and may not include fractions of a dollar.

The Plan needs sufficient information regarding your income to assure that the loan is likely to be repaid. If you had no hours worked or contributions made on our behalf in the jurisdiction of Local 595 to the Plan during the past year, please furnish copies of your W2's and tax returns as filed with the Internal Revenue Service.

PURPOSE OF LOAN

PERIOD OF LOAN: _____ months commencing the first day of _____, _____.

The period for repayment of the loan requested must not be in excess of five years or less than one year. However, if the purpose of the loan is for your purchase of a principal place of residence the period of repayment may be up to ten years, with supporting documentation (i.e. executed purchase agreement, escrow agreement, etc.)

INTEREST RATE

I understand the loan will bear simple interest at the prime rate plus 1% per annum. I further understand that repayment of principle and interest must be made in equal periodic monthly payments in the amount determined by the Fund Office.

ACKNOWLEDGEMENT

I acknowledge that I intend to repay this loan and abide by the rules and regulations established by the Trustees and applicable to this loan. This is a bona fide loan and will not be regarded by me as distribution of money in my individual account. I further acknowledge that the remaining balance in my individual account is assigned to the Trust as security for this loan. I understand and agree to pledge such other security as the trust may require as a condition of obtaining this loan.

COURT JUDGEMENT

Has any court judgment been issued as a result of a divorce, separation, or order for child support in which the court has impaired, assigned or otherwise restricted your rights in the Plan?

☐ Yes ☐ No **(If your answer is “Yes”, submit details on a separate sheet and provide a copy of any such court judgment and any related marital property settlement.)**

SARBANES-OXLEY ACT OF 2003

By signing this application, I certify that I am not an executive officer or director of a publicly-traded company.

PROCEDURE IN THE EVENT OF DEFAULT

I acknowledge that my loan will be considered in default if any required payment is not received by the last day of the calendar quarter following the calendar quarter in which the required installment was due. In such event, I authorize the Fund Office to automatically deduct any delinquent amount and charges for delinquency (including accrued interest) from my remaining individual account balance, or to foreclose on any other assets I have pledged as security. I further understand that the Fund Office will automatically notify the Internal Revenue Service if my delinquency results in a default and it may be regarded by IRS as an early distribution which may subject me to tax liability and penalties.

RETIREMENT

I acknowledge that if my Individual Account is used as security for a loan, the loan is due and payable:

- If I retire or terminate my interest in the Plan;
- If payment of my benefits begins because I reach age 73 or if I die.

The Plan will permit me to continue my loan after I retire from the Electrical Industry or payment of my benefits begins because I reach age 73 so long as while the loan is outstanding, I satisfy the following conditions:

- I must continue to make all payments on time according to the loan agreement.
- I must maintain an Individual Account balance with a minimum value that is equal to the 120% of the outstanding loan value, including interest accrued. The value of my Individual Account is the value as determined under the Plan as the most recent Valuation Date, less the amount of any distributions made since the last Valuation Date.

If my Individual Account balance falls below 120% of the loan balance, the Fund Office will make a call for funds. I must immediately pay to the Plan an amount sufficient to restore the account balance to 120% of the loan balance. If I fail to make payment to the Plan of the full amount required by the call for funds, the loan will be due and payable (in full) immediately. I may not supply the funds by taking a further distribution from my Individual Account.

Also, if my Individual Account balance falls below 120% of the loan balance, the Plan may withhold any distribution from my Individual Account.

If I die before the loan obligation is repaid, the full outstanding balance of the loan will be offset against any amount due to any of my beneficiaries who may be entitled to receive death benefits or a survivor annuity from my Individual Account.

ACKNOWLEDGEMENT OF READING PLAN PROVISIONS AND RULES AND REGULATIONS OF THE BOARD OF TRUSTEES APPLICABLE TO LOANS

I acknowledge that I have been provided with a copy of the Plan document provisions adopted by the Board of Trustees regarding applications for loans. I have read these documents and agree to abide by their terms and conditions. I understand that in the event my application for a loan is granted, it is my responsibility to confirm that the resulting loan complies with the requirements of the Internal Revenue Service. I further understand and acknowledge that in the event my application for a loan is granted, any tax liability resulting from the failure of my loan to comply with any requirements of the Internal Revenue Service is my responsibility.

Any material false statements on this application will be grounds for denial of the loan, and upon discovery of any false statements after the loan has been issued, the loan may be immediately cancelled by the Plan and all amounts shall become due and payable. Furthermore, if any tax liability is incurred because of a failure of my loan to comply with any requirements of the Internal Revenue Service which is due, in part or in whole, to any material false statements by me, such tax liability shall be my sole responsibility. **I hereby certify that all statements made in this application and any supporting documents are true and complete and submitted for the purpose of obtaining a loan from the Plan.**

Signature of Applicant

Date

Signature of Spouse

Date

SPOUSAL CONSENT TO LOAN APPLICATION

I am the spouse of the Participant named below.

I acknowledge that I have been provided with a copy of the Plan document provisions adopted by the Board of Trustees regarding applications for loans. I have read these documents and agree to abide by their terms and conditions.

I acknowledge that any loan made to my spouse will reduce the amount to which I may be entitled to in the event of my spouse predeceasing me or in the event of a divorce or other domestic relation proceeding resulting in the termination of the marital relationship or a legal separation.

I hereby consent to my spouse's application for a loan in the amount of \$_____ from the IBEW Local 595 Money Purchase Pension Plan. It is my understanding that the amount of the loan is \$_____ and that the current balance of my spouse's Individual Account is _____.

Further, I consent to the reduction of my spouse's Individual Account balance by the initial amount of the loan, or in the event of any default(s) or failure of my spouse to repay the loan as may be specified by the terms of any loan agreement or the provisions of Article 6 of the Plan, and I acknowledge the legal effect of such consent.

Participant's Name

Participant's Social Security Number

Spouse's Name

Spouse's Social Security Number

Spouse's Signature

STATE OF CALIFORNIA, COUNTY OF _____

On _____ before me, _____ a Notary Public in and for said State, Personally appeared _____, personally known to me (or proved to me on the basis of a satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledgement to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public

PERSONAL FINANCIAL STATEMENT

Name: _____ Birth Date: ____/____/____ SSN: _____-_____-_____
Address: _____ City: _____ State: _____ Zip: _____
Home Phone: (____) _____-_____ Own ☐ Rent ☐ How Long Residing Here _____

FINANCIAL INFORMATION:

<u>ASSET</u>	<u>MARKET VALUE</u>	<u>LIABILITIES</u>	<u>MONTHLY PAYMENT</u>
<i>BANK ACCOUNTS:</i>		<i>LIST CREDITORS:</i>	
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
<i>REAL ESTATE:</i>			
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
<i>OTHER ASSETS:</i>			
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
TOTAL ASSETS:	\$ _____	TOTAL PAYMENTS:	\$ _____
ANNUAL INCOME:	\$ _____	REAL ESTATE PAYMENT:	\$ _____
SPOUSE'S/REGISTERED DOMESTIC PARTNER'S INCOME:	\$ _____	INCOME TAX PAYMENT:	\$ _____
OTHER INCOME:	\$ _____	INSURANCE PAYMENTS:	\$ _____
		PROPERTY TAX PAYMENTS:	\$ _____
		OTHER PAYMENTS:	\$ _____
TOTAL INCOME:	\$ _____	TOTAL EXPENSES:	\$ _____

Spouse/Registered Domestic Partner* information (If to be included to qualify for loan)

Employer: _____ Address: _____
City: _____ State: _____
Zip: _____ Phone: (____) _____-_____ How Long Employed: _____

I hereby certify that the statements above are true and complete as of the date below. I authorize you to verify or check on any given information, reports, employment records, (including my spouse's/Registered Domestic Partner's information). I also authorize the Banks listed here on to provide credit information on me or my accounts.

Date: _____ Signature of Applicant: _____

Date: _____ Signature of Spouse: _____

*Must be a Registered Domestic Partnership with the State of California and must provide a valid and current Certificate of Registered Domestic Partnership.

**AMENDMENT NO. 1
TO THE FIFTH REVISED MONEY PURCHASE PENSION PLAN
FOR THE LOCAL 595 PENSION TRUST**

WHEREAS, Article XI, Section 11.01, permits the Trustees to amend or modify this Plan;
and

WHEREAS, the Trustees, at a meeting held on November 16, 2015, and upon written agreement herein, decided to amend the Plan with respect to Participant Loans.

NOW THEREFORE, effective January 1, 2016, Article Six of the Fifth Revised Money Purchase Pension Plan shall be amended as follows:

ARTICLE 6

PARTICIPANT LOANS

SECTION 6.01 LOANS TO PARTICIPANTS OR BENEFICIARIES (OTHER THAN SURVIVING SPOUSES)

- (A) Subject to the approval of the Trustees, the Fund Manager will establish and administer a Participant Loan Program complying with Federal law and regulations applicable to loan provisions in a Defined Contribution Plan.
- (B) Specific additional rules applicable to the Participant Loan Program will be distributed in a supplementary notice to the Participant supplied at the same time of loan approval. These additional rules will be considered a part of the Plan.

SECTION 6.02 ELIGIBILITY

The Participant Loan Program:

- a. Will be available to all Participants and Beneficiaries (other than surviving spouses) for whom an Individual Account has been established and not withdrawn or terminated.
- b. Will not be made available to highly compensated employees or officers in an amount greater than the amount made available to other Participants with comparable Individual Account balances.
- c. Will provide that any loan requires payment of a reasonable rate of interest. A loan will be considered to bear a reasonable rate of interest if the interest rate produces a return comparable to the interest rate charged by banks in the business of lending money in the local area for loans of a similar type and in similar circumstances in effect within a reasonable period (not more than two months) prior to the effective date of the loan, renewal of the loan, or extension of a loan period. Unless otherwise determined by action of the Board of Trustees, the loan rate will be based upon the (prevailing "prime rate") published in Reuters or the Wall Street Journal on the first Friday of the month prior to the month in which the loan is payable, plus 1 percent (100 basis points).

- d.** Will provide that any loan:
 - 1) Must be adequately secured by the balance in the Participant's Individual Account and such Individual Account may be sold, foreclosed upon or otherwise disposed of upon default or repayment of the loan; and
 - 2) The value and liquidity of such security is such that it may reasonably be anticipated that loss of principal or interest will not result from the loan.
 - (3) Will reduce the balance of a Participant's Individual Account balance by an amount equal to the amount of such loan.
- e.** Will be administered in accordance with this Article 6, any Plan rules or procedures adopted by the Trustees and applicable law.

SECTION 6.03 MINIMUM BALANCE

Loans will only be available to Participants who have a minimum Individual Account balance of at least \$5,000.

SECTION 6.04 ADDITIONAL CONDITIONS

The Fund Manager will not approve any loan if:

- a.** There is a reasonable possibility the loan will not be repaid;
- b.** The purpose of the loan is to transfer proceeds to a party in interest under circumstances that would render the loan a prohibited transaction; or
- c.** Such loan would violate applicable provisions of the Internal Revenue Code and/or regulations promulgated thereunder.

SECTION 6.05 CREDITING OF INTEREST ON ACCOUNT

The Plan will credit to the Individual Account of the borrower any interest received as a result of the loan.

SECTION 6.06 APPLICATIONS

- (A)** Loan Applications submitted with all necessary supporting documentation by the 10th calendar day of any month generally will be payable on the first business day of the following month. Only one loan will be permitted to be outstanding at one time.
- (B)** Upon making an application for a loan, the Participant shall represent to the Trust that any payment made by the Board of Trustees pursuant to this Article 6 constitutes a bona fide loan and not a distribution of money from the Individual Account.

SECTION 6.07 LOAN PAYMENT SCHEDULE AND TERM

Repayment of any loan with interest will be on a regular basis not less frequently than monthly. The total period for repayment of the loan will be determined by the Fund Manager according to rules established by the Board of Trustees. The minimum loan period will be one (1) year and the maximum loan period will be five (5) years, except that any loan that is for the purpose of assisting in the purchase of a primary residence (for the Participant) may provide for a maximum loan period of ten (10) years. The minimum loan term may be modified by resolution of the Board of Trustees to be applied in a uniform and nondiscriminatory basis. All monthly loan payments (including both principal and interest) will be credited to the Participant's Individual Account. –All loan payments are due by the first of the month.

SECTION 6.08 PRIOR JUDGMENTS

No loan will be granted to any Participant against whom a court judgment has been rendered for failure to pay court ordered alimony or child support within the preceding five (5) years. A loan will not be granted in an amount or under circumstances that will impair the ability of the Plan to meet the requirements of a Qualified Domestic Relations Order, judicial restraining order or injunction, or order of attachment or execution.

SECTION 6.09 DEFAULT (DEEMED DISTRIBUTION)

A loan will be in default if any required payment on the loan is not received by the last day of the calendar quarter following the calendar quarter in which the required installment payment was due. The Fund Manager will immediately recover any remaining charges attributable to the breach of the terms of the loan and the Participant's Individual Account shall be reduced by such amounts. In the event any Participant defaults on any loan and it is necessary for the Fund Manager to notify the Internal Revenue Service of a distribution, the Participant will not again be eligible for a loan under the provisions of this Plan until both of the following happen:

- (A) the expiration of ten (10) years from the date of default on a prior loan; and
- (B) The Participant repays to the Plan any amount treated as a distribution under Internal Revenue Code Section 72(p) as a result of the prior default, plus interest at the original loan rate on that amount from the date on which the loan defaulted and that amount is deemed to have been distributed.

SECTION 6.10 MINIMUM AND MAXIMUM LOAN AMOUNT

- a. The minimum loan that may be granted will be \$2,500, provided that this requirement may be modified by resolution of the Board of Trustees to be applied in a uniform and nondiscriminatory basis.
- b. No loan will be made in excess of fifty percent (50%) of a Participant's Individual Account balance.

c. No loan amount shall exceed the lessor of:

1) \$50,000 reduced by the highest outstanding balance of a loan from the Plan during the one (1) year

period ending on the day before the date on which such loan was made, or

2) The greater of fifty percent (50%) of Participant's Individual Account balance or \$10,000.

For purposes of the above limitation, the rules of subsection (b), (c) and (m) of Code Section 414 shall apply.

d. Multiple concurrent loans to any Participant are not permitted.

SECTION 6.11 ADDITIONAL SECURITY

The Fund Manager has the authority to demand security in addition to a Participant's Individual Account balance.

SECTION 6.12 CONSENT TO LOANS

- (A) A Participant must obtain the consent of his or her Spouse, if any, to use the account balance as security for the loan. Spousal consent must be in writing, acknowledge the effect of the loan, be witnessed by a Plan representative or acknowledged before a Notary Public and be obtained during the period beginning on the 90th day prior to the date on which the loan is to be secured by the account balance. A consent may be withdrawn at any time up to the 30th day before the securing of the loan by the account balance. If not so withdrawn, the consent will thereafter be binding upon the consenting Spouse or any subsequent Spouse with respect to the loan and the security therefore. A new consent will be required if the loan for which the account balance has been given as security is renegotiated, extended, renewed or otherwise revised.
- (B) When a distribution is to be made while the Participant's Individual Account secures the unpaid balance of a loan, including unpaid interest, the balance of the Individual Account first will be reduced to the extent of the security interest. No benefit will be payable until the account balance is adjusted as provided in this paragraph.

SECTION 6.13 INDIVIDUALS WHO REACH REQUIRED COMMENCEMENT DATE

When a distribution commences because the Participant or Beneficiary has reached the Required Commencement Date or because a distribution is otherwise required to be made to a Participant or Beneficiary (other than the surviving spouse) pursuant to Section 401 (a) (9) of the Code, the Participant or Beneficiary shall be required, as a condition to the continued distribution of funds, to maintain an account-balance-to-loan ratio of 1.2. If at any time the account-balance-to-loan ratio falls below 1.2, the Fund Manager shall make a written call for funds to the Participant to reduce the loan balance. If, thirty (30) days following written notice to the Participant's last known address in the records of the Plan, the Participant has not provided the required funds to reduce the loan balance, the loan will become immediately due and payable. The Participant may not supply the funds by taking a further distribution from the Individual Account. No distribution shall be made while the account-balance-to-loan ratio is below 1.2.

- (A) The account-balance-to-loan ratio shall be the value of the Individual Account divided by the loan balance, including interest accrued to date. The value of the Individual Account shall be the value as determined under Section 2.05 as of the most recent Valuation Date, less the amount of any distributions made since the Valuation Date.
- (B) Upon a transfer of account balances to another plan under Section 2.15, a request for termination of an Individual Account under Section 3.02(b), or the death of a Participant, and prior to the transfer of funds or distribution of benefits to the terminating Participant or the Spouse or Beneficiary of the deceased Participant, the loan shall be due and payable.

SECTION 6.14 BOARD OF TRUSTEES AS SOLE JUDGE OF STANDARDS

Except as delegated to the Fund Manager, the Board of Trustees shall have absolute discretion to determine whether or not the conditions of this Article 6 are met.