

U.A. LOCAL NO. 393 DEFINED CONTRIBUTION PLAN

GRACE PERIOD NOTICE AND ELECTION FORM

This Notice and election Form is provided to participants in the Plan who have taken a Plan Loan, and failed to make a required payment. Any future failure to make a required payment is a default. If a default becomes permanent, the outstanding balance of principal and interest due at that time is declared a distribution from the Plan. If your loan is declared a distribution, you will be liable for income taxes and possibly penalty taxes on the amount which is declared a distribution. These taxes will be based on the outstanding principal, plus interest accrued through the *declaration-of-distribution* date. To help you avoid a permanent default, the Plan provides three (3) types of "Grace Periods".

- 1. Basic Grace Period:** Your declaration-of-distribution date can be delayed until the last day of the last month of the calendar quarter following the quarter in which you make your last loan payment. If you elect this grace period, you will be responsible for bringing your loan up-to-date at the earliest opportunity.

For example: If your last payment was made in January, your loan will be declared a distribution on June 30, unless you have made all past-due payments, at least through April, before that date.

- 2. 12-Month Special Grace Period for Leave of Absence:** If you are out of work, or working too few hours to make your Plan Loan payments you may skip a payment for any month in which your income (after income and employment tax withholdings) was insufficient to make your Plan Loan payment, for up to twelve (12) months. When you return to work, your loan amount will be recalculated, so that it will be paid off in the same month as originally scheduled. The amount of the installment payments after the loan is recalculated cannot be less than the amount that was required under the terms of the original loan and in most cases will be more than what was required under the terms in the original loan.
- 3. Grace Period for Military Leave of Absence:** If you are on leave from your employer and serving in the U.A. Armed Forces, your loan payment obligations will be suspended indefinitely. Loan payments must resume upon completion of such period of military service and the loan must be repaid in substantially level installments over a period that ends not later than the latest permissible term of the loan. The amount of the installment payments will be recalculated and will most likely be more than what was required under the terms of the original loan.

These grace periods may be combined, but if you do not make a payment after the "Special Grace Period," your loan will be declared a distribution at the end of the first quarter in which a payment was due.

PLEASE NOTE: If you believe that you will be able to repay your loan, you should consider electing to have the grace period(s) apply. However, the Trustees recommend that you consider the impact of any delay of your *declaration-of-distribution* date. **If you have your *declaration-of-distribution* date delayed, and do not repay your loan, you will be subject to a greater tax penalty, because you will be liable for taxes on the interest which accrued during the grace period.** If you do not believe that you will be able to repay your loan after a grace period, you should consider electing not to delay your *declaration-of-distribution* date, so that you will have to pay the least possible amount of taxes.

TO ELECT OR WAIVE A GRACE PERIOD, COMPLETE THE ATTACHED ELECTION FORM

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GRACE PERIOD ELECTION

Participant Name: _____ Loan No.: _____

To elect, or cancel, a grace period you have already elected, please complete this form and submit it to the Plan Administration Office or the U.A. Local No. 393 Business Office prior to the last day of the current month. If you do not submit this form by the end of the current month, your Plan Loan will be declared a distribution (as if you elected "NO GRACE PERIOD").

PLEASE CHECK ONE AND SIGN BELOW

NO GRACE PERIOD

I elect **not** to have the Plan give me a grace period for the repayment of my Plan Loan. I request that my loan be declared a distribution as of the first day of this month.

BASIC GRACE PERIOD

I elect to have the Plan give me the basic grace period up to the end of the calendar quarter following the quarter in which I made my last payment. Or, if I have already elected the *Special Grace Period*, the end of the calendar quarter in which the *Special Grace Period* ended. I understand that when my grace period has ended, I will be responsible for making all past-due payments.

SPECIAL GRACE PERIOD

I was unemployed or worked insufficient hours in the month prior to my last Plan Loan payment and was unable to make the loan payment. My monthly income (after income and employment tax withholdings) was less than the amount of the installment payments required under the terms of the loan and I have submitted documentation of my income along with this election form. I request an extension of my loan until I return to work, or twelve (12) months, whichever comes first. I will notify the Administration Office immediately of any change in my employment status.

MILITARY LEAVE OF ABSENCE GRACE PERIOD

I am unable to pay my monthly Plan Loan obligation and am currently on leave from my employer due to serving in the U.S. Armed Forces. I understand that I will resume payments upon completion of my military service. I also understand that I am responsible for repaying my loan in substantially level installments over a period that ends not later than the latest permissible term of the loan, which may increase my monthly payments.

I understand, and acknowledge, that if I have elected the Special Grace Period, I will be responsible for repaying my loan in the original time allowed, which will increase my monthly payments after the Special Grace Period ends. I also understand, and acknowledge, that: 1) if my loan is declared a distribution at any time, I will be liable for taxes on the outstanding principal of my loan, plus interest through the date on which my loan is declared a distribution; and 2) if I fail to repay my loan after a grace period, it will increase my taxes.

I hereby elect the option marked above.

Participant Signature

Date