

**NORTHWEST SHEET METAL WORKERS
SUPPLEMENTAL PENSION TRUST**

POLICY REGARDING LOANS TO PARTICIPANTS

This Policy sets forth the terms and conditions under which the Northwest Sheet Metal Workers Supplemental Pension Trust (the Trust) will make loans to eligible participants.

1. Eligibility. The following eligibility requirements must be met in order for a participant to qualify to receive a loan from the Trust:

(a) The participant must not have an outstanding loan and must not have defaulted on a loan within the previous thirty-six (36) months.

(b) If the participant is married, the participant's spouse must consent in writing to the loan.

2. Loan Terms. All loans shall be made subject to the following terms and conditions:

(a) The maximum amount that will be loaned is the lesser of (i) fifty percent (50%) of the participant's account balance, or (ii) fifty thousand dollars (\$50,000.00). Such \$50,000 maximum shall be reduced by the highest outstanding loan balance attributable to the Participant during the 12 month period immediately prior to the new loan application

(b) The minimum amount that will be loaned is one thousand dollars (\$1,000.00).

(c) The maximum term will be five (5) years.

(d) Interest will be charged at the Prime Rate reported in the Wall Street Journal, plus one percent (1%). This rate will be determined on a quarterly basis.

(e) All loans shall be evidenced by a note requiring payment to the Trust in equally monthly installments and granting the Trust a security interest in the participant's account sufficient to ensure that the loan is repaid in full. The note shall also allow prepayment without penalty provided that the amount prepaid is at least as much as the next installment payment due.

(f) Any payments owed by a participant who is engaged in qualifying military service as defined in the Uniformed Services Employment and Reemployment Rights Act (USERRA) may be deferred at the request of the participant.

(g) All costs associated with making and servicing the loan shall be charged to the participant.

3. Distributions. If a participant with an outstanding loan is eligible to receive a distribution from the Trust, the loan must be repaid in full from any amount distributed.

4. Default. If a participant fails to make any payment within thirty (30) days after it is due, the administrative agent for the Trust shall notify the participant and demand that any and all outstanding payments be brought current. If a participant becomes sixty (60) days delinquent in making any payment, the administrative agent shall notify the participant that if any outstanding payment is not made within ninety (90) days after the due date the full amount of the outstanding balance of the loan will be deducted from the participant's account. The administrative agent shall also notify the participant that if it becomes necessary to deduct the balance of the loan from the participant's account the participant will be assessed the applicable income taxes and any applicable tax penalty as though the participant had received a distribution from the Trust.

