

FAQ's – Frequently Asked Questions
INFORMATION ON LOANS

Who is eligible for a plan loan?

To be eligible for a plan loan, you must have been a Participant for at least five years.

Is there a maximum amount I can borrow?

Yes. The maximum amount you can borrow is 50% of your Accrued Benefit Account, but no more than \$50,000. For purposes of determining the maximum amount you can borrow, the amount of your Accrued Benefit Account which will be considered will be reduced by any amount which an alternate payee has an interest in pursuant to a qualified domestic relations order. Also, the \$50,000 figure shall be reduced by your highest outstanding loan balance over the twelve months preceding this new loan.

Where is the money I borrow from?

Your accrued benefit account is reduced by the amount that you borrow. Your loan is treated as one of your investments in the Fund's Self-Directed Investment program. The principal and the interest you pay are credited to your account.

Is there a minimum amount I can borrow?

Yes. The minimum loan is \$2,000.00.

Do I need a special reason to get a loan?

No.

Is my spouse involved when I take a loan from my Accrued Benefit Account?

Yes. No loan may be granted unless your spouse consents, in writing.

What if my spouse had died or I am divorced?

If your spouse is deceased, you must present the Plan Administrator a certified copy of the death certificate. If you are divorced, you must present the Plan Administrator a true copy of your divorce decree.

What documents must I sign to take a loan from my Accrued Benefit Account?

To apply for a loan, you must first fill out a loan application. If the loan application is approved, you must then sign a promissory note and a loan agreement with the Fund. In addition, you must complete the Participant's certification section of the loan consent form.

How often can I borrow from the Fund?

There is no limit as to how often you can borrow from the Fund. However, only one loan may be outstanding at any time and no loan shall be made to a Participant who has ever failed to repay a loan and, as a result thereof, received a deemed distribution from this Fund.

What is the interest rate on loans from the Annuity Fund?

The interest rate on your loan is a fixed percentage determined by the Trustees, acting on the advice of the Fund's depository bank.

What is the payback period for my loan?

All loans must be repaid within five (5) years of the date the loan is made unless the loan is used for the purchase of your principal residence, in which case the period for repayment can exceed five years, but cannot exceed twenty (20) years.

Are there any penalties for late payment?

Yes. A payment received after the due date will be assessed a \$10.00 late charge. An additional \$10.00 will be added for each month the payment remains unpaid. Late charges collected are **not** credited to your account. They are retained by the Fund as a whole to pay for the increased administrative costs to the Fund for processing late payments. Late payments will be taken out of any subsequent payments you make **first**. If you fail to pay a late payment or fail to add it to your next payment, you risk underpaying your monthly payment and defaulting on your loan.

Will I default on my loan if I miss one payment?

No. But if you become four months behind in your payments, you will default on your loan.

What happens if I default on my loan?

Once you have defaulted on your loan, you have two months during which to repay the entire outstanding balance on the loan plus interest and late charges. If you do not do so, your Annuity Fund account will be considered to have issued a distribution to you in the amount of your unpaid principal and interest on the date of your default. This amount will be reported to the Internal Revenue Service as a distribution to you. This could result in serious tax consequences to you and your family.

SHEET METAL WORKERS' LOCAL UNION NO. 80 ANNUITY FUND
APPLICATION FOR PLAN LOAN

Amount I wish to borrow – Cannot exceed-50% of your annuity balance.

\$ _____

Will this loan be used for the purchase of a principal residence?

____ Yes (include copy of purchase agreement signed by both the buyer and seller)

____ No

Duration of Loan: (cannot be more than five years, unless you are purchasing a principal residence, in which case the duration cannot be more than twenty years):

_____ years

Signed: _____

Date _____

DO NOT WRITE BELOW THIS LINE

For the Plan Administrator: _____

Date Received for Processing: _____

SHEET METAL WORKERS' LOCAL UNION NO. 80 ANNUITY FUND
LOAN CONSENT FORM
(SPOUSE)

I, _____, the spouse of _____
("Participant"), hereby consent to (1) the granting of the Annuity Fund loan requested by Participant, (2) the pledge of the Participant's Accrued Benefit Account with the Fund as collateral, and (3) the unpaid balance being deemed distribution from (meaning a permanent payment out of) Participant's Accrued Benefit Account if there is a default in repayment of the loan, including interest and late payment assessments, to be reported to the Internal Revenue Service. I understand that my consent to the foregoing, once given, cannot be revoked.

Spouse Signature

Date

Spouse's Social Security Number

DO NOT SIGN AND DATE THIS FORM UNLESS YOU ARE IN THE PRESENCE OF A NOTARY.

NOTARY

STATE OF MICHIGAN)
COUNTY OF _____)

On this _____ day of _____, in
the year _____,

(name)

personally appeared and acknowledge the foregoing
consent to be his/her act.

Notary Public

County of _____, Michigan

My commission expires: _____

Notice to Notaries: Federal Law (i.e., the Retirement Equity Act of 1984) requires that the above Waiver must be executed in the presence of an authorized Plan representative or a Notary Public. Accordingly, it is most important that you not only witness the actual signatures identified above, but also examine their credentials to satisfy yourself that they are, in fact, the same persons as the ones identified.

SHEET METAL WORKERS' LOCAL UNION NO. 80 ANNUITY FUND
LOAN CONSENT FORM
(PARTICIPANT)

I, _____, a Participant in the Sheet Metal Workers' Local Union No. 80 Annuity Fund, acknowledge that in order to satisfy my obligations to the Sheet Metal Workers' Local Union No. 80 Annuity Fund to repay the loan granted to me at a fixed rate of interest determined at the time of loan distribution, the Fund may, if I default by failing to make four monthly payments, deem the unpaid balance a distribution to me and reduce my Accrued Benefit Account in the amount of the unpaid balance of such loan, and report the amount of such distribution to the Internal Revenue Service.

Principal sum of loan \$ _____

Participant

Date

Participant's Social Security Number

PARTICIPANT

DO NOT SIGN AND DATE THIS FORM UNLESS YOU ARE IN THE PRESENCE OF A NOTARY.

NOTARY

STATE OF MICHIGAN)
COUNTY OF _____)

On this _____ day of _____, in
the year _____,

(name)
personally appeared and acknowledge the foregoing
consent to be his/her act.

Notice to Notaries: Federal Law (i.e., the Retirement Equity Act of 1984) requires that the above Waiver must be executed in the presence of an authorized Plan representative or a Notary Public. Accordingly, it is most important that you not only witness the actual signatures identified above, but also examine their credentials to satisfy yourself that they are, in fact, the same persons as the ones identified.

Notary Public

County of _____, Michigan

My Commission Expires: _____

CHECKLIST OF ITEMS TO SUBMIT WITH YOUR LOAN APPLICATION:

Please utilize the checklist below to ensure that you have completed your application fully. This will expedite the application process. Missing documents and incomplete application forms will delay the processing of your application.

- Loan Application Form (1 page, front & back)
- Certification of Marital/Single Status
- Participant Loan Consent form
- Spouse Loan Consent form
- Copy of your birth certificate (see back side for alternative proof of age)
- Copy of your spouse's birth certificate (see back side for alternative proof of age)
- Copy of your marriage license
- Copy of your photo ID
- Copy of your spouse's photo ID
- Copy of any and all previous divorce decrees, Qualified Domestic Relations Orders, Separation Agreements, etc.
- Copy of purchase agreement signed and dated by both the buyer and seller (if loan is to be used for purchase of a principal residence)

Please review the forms you are submitting to make sure that you have completed all blanks, signed where necessary, including the signature of a notary public where applicable and answered the questions accurately and completely. Failure to complete these items, especially the lack of a notary signature where necessary, will delay the processing of your application.