Reform Pension Board Loan Policy

Under the terms of the Reform Pension Plan ("Plan"), a loan program is available to Plan participants that complies with the applicable Internal Revenue Code and Department of Labor requirements. All approved loan requests will be made in accordance with the provisions specified in the Plan and this Loan Policy. Violating the terms of this policy may cause a loan to be treated as a taxable distribution from the Plan.

PURPOSE OF THE LOAN

A participant may request a loan for any purpose, up to the amounts listed in this Policy. If the loan is for the purchase of a principal residence, additional documentation verifying the home purchase is required at the time you apply. A principal residence is a house, apartment, condominium or mobile home that is and used as the participant's principal dwelling unit (not used on a transient basis).

ADMINISTRATION OF THE LOAN PROGRAM

The Reform Pension Board ("Plan Administrator") is responsible for the administration of this loan program. Loan requests and other inquiries should be directed to:

Reform Pension Board
355 Lexington Avenue
5th Floor
New York, NY 10017
askus@rpb.org

APPLICATION PROCEDURE

The Plan Administrator, or its delegate, will make loan applications available to any eligible Plan participant.

Participants will return loan applications to the Plan Administrator, or its delegate, at least ten (10) business days prior to the date the loan proceeds are needed. Loan applications will only be reviewed when the application is considered complete. Incomplete applications will be returned and must be resubmitted for consideration.

It is important to note the following loan application requirements:

- **Spousal Consent**: Married participants must complete a spousal consent form at the time of their loan application.
- **Employer Notification**: By signing the loan application, actively employed participants attest that they have notified their employer of their application for a loan from their RPB retirement account. If the participant cannot attest to such notification, they must provide an explanation as to why notifying the employer is not feasible or advisable.
- **Promissory Note Signature**: Once the loan is approved, a Promissory Note, which includes the loan amount, interest rate, and repayment terms, will be sent to the participant. The participant must sign the Promissory Note to acknowledge and document the participant's obligation.

Loan proceeds will be deposited electronically in the participant's bank account as soon as administratively feasible after a loan request has been approved and the signed Promissory Note returned to the Plan Administrator.

Loan requests must meet the Policy requirements in order for RPB to review and approve the loan. Once the loan proceeds are deposited in the participant's account, the participant is obligated to the terms of the Loan Policy and the Promissory Note. If the participant receives a loan disbursement and it is subsequently determined that there was or is a failure to meet the Policy requirements, the loan will be treated as a "deemed distribution" and reported as taxable to the IRS.

LOAN ELIGIBILITY

Any Plan participant, who is an individual, is eligible to request and receive a loan as long as they:

- have been enrolled in the Plan for a minimum of one year;
- are fully vested in their 403(b) account;
- have a minimum balance of $2,000 in their 403(b) account (loans may not be made from a participant's Rabbis' Trust account);
- do not have a domestic relations order or divorce pending (Note: once finalized, a participant can apply for a loan).

If a participant defaulted on a previous loan, their loan application may be denied.

A participant may continue to actively contribute to their 403(b) account while having an outstanding loan, subject to Plan contribution eligibility rules.

LOAN AMOUNTS

When the loan request is approved, the Plan Administrator, or its delegate, will determine the available amount the participant may borrow. The maximum amount of any loan is the lesser of $50,000 or 50% of the participant's 403(b) account balance. Loans will not be issued for less than $1,000.

LOAN FUNDING

Loan proceeds will be drawn proportionally from ALL the participant's invested funds unless otherwise indicated on the loan application.

The loan will be established as a participant-directed investment in the Plan. During the term of the loan, the participant will make each scheduled principal and interest repayment until the entire loan is paid in full.

INTEREST RATE

Interest will be charged on the loan based on the prime rate of interest published by the Wall Street Journal as of the date of the loan, plus one percent (1%). The interest rate will be fixed for the term of the loan.

Once the interest rate is determined, the loan amount will be amortized based on the selected repayment terms. Each repayment will include both principal and interest until the loan is no longer outstanding in the Plan.

NUMBER OF LOANS

A participant may only have one loan outstanding at any time.

LOAN PROCESSING, MAINTENANCE, AND OTHER FEES

A one-time, non-refundable set-up fee and administrative fee will be assessed for each loan. The administrative fee covers the costs associated with processing and maintaining a loan under the Plan and is dependent on the length of the loan. The fee schedule is listed in the Appendix of this Policy.

Residents of the State of Florida will be subject to a Florida documentary stamp tax.

All the above-mentioned fees will be deducted directly from the participant's account when the loan is set up.

REPAYMENT TERM & CONDITIONS

With limited exceptions, the Internal Revenue Code requires a general purpose loan to be repaid through equal installment payments at least quarterly, over a period not exceed five (5) years. Therefore, under this Loan Policy, a loan is required to be repaid within five (5) years starting from the payment date in the Promissory Note. For loans used to purchase a principal residence, the loan must be repaid within ten (10) years of the original loan date.

Loans will be repaid based on substantially equal periodic payments over the term of the loan. Payments are made through direct debit of a participant's bank account via the Automated Clearing House (ACH). Loans will not be approved if payments cannot be made by direct debit or if the participant's bank is not part of the US ACH network. It is the participant's responsibility to ensure that funds are available in their bank account at the time of the ACH withdrawal.

In the event of the participant's death, all outstanding loan principal and accrued interest will be treated as a distribution from the Plan on the date of death. The loan cannot be transferred to or assumed by the participant's beneficiary. The amount of the outstanding loan will be reported as a taxable distribution to the participant's estate, as applicable.

Full or partial loan prepayments are allowed without penalty.

REFINANCING

An existing loan may be refinanced once during the loan term. Participants can refinance a loan to either increase the loan amount or extend the length of the loan. Under no circumstances may the loan exceed the lesser of $50,000 or 50% of the participant's 403(b) account balance or extend beyond five (5) years (or ten (10) years for a loan for the purchase of a principal residence). Loans may not be refinanced to change the loan interest rate (for example, to take advantage of lower rates since the loan was disbursed).

LOAN DEFAULT AND CURE PERIOD

A loan is in default and enters the “cure period” if a payment was not received by the scheduled due date. The cure period ends as of the last day of the calendar quarter following the calendar quarter a payment was due and unpaid. If the loan remains in default at the end of the cure period, the participant will immediately owe the Plan all principal and accrued interest. The Plan Administrator will notify the participant in writing that the cure period has ended, that the outstanding principal and accrued interest will be treated as a “deemed distribution,” and that the distribution will be reported to the IRS. Participants may be subject to income taxation on this amount.

LOAN ACCELERATION

The Plan Administrator reserves the right to accelerate loan repayment if the participant initiates regular distributions or lump sum rollovers which reduce the account balance to a value less than the outstanding loan amount.

AMENDMENT AND INTERPRETATION OF THE POLICY

The Plan Administrator is charged under the Plan with establishing and administering this Loan Policy. The Plan Administrator may modify this policy from time to time or may terminate the Plan loan program. The Plan Administrator has discretion to interpret the provisions of this Loan Policy. The Plan Administrator’s decisions regarding the application or interpretation of this Loan Policy are final and binding on participants.

Appendix
Fee Schedule

The following fees will be assessed for each loan and deducted from the participant's account:

- A one-time $100 loan origination fee. Payable at time of loan issuance and non-refundable.
- An annual $50 loan processing fee paid in four quarterly installments for as long as the loan is outstanding. The first assessment is at the time of loan issuance and then at the beginning of each calendar quarter (January, April, July, October). The fee is non-refundable.