



CEMENT MASONS & PLASTERERS LOCAL UNION #518 FRINGE BENEFIT FUNDS

Managed for the Trustees by:
TIC INTERNATIONAL CORPORATION

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CEMENT MASONS AND PLASTERERS LOCAL 518 DEFINED CONTRIBUTION PLAN

STATEMENT OF LOAN POLICY

Loan Availability

Loans will be made available to Participants on a reasonably equivalent basis in a maximum amount not to exceed the lesser of thirty percent (30%) of their vested account balance or forty thousand dollars (\$40,000).

Under no circumstances, however, will any loan amount exceed the amount permitted by Section 72(p) of the Internal Revenue Code of 1986, as amended and applicable regulations. All loans shall be subject to the Trustees' approval, which shall investigate each loan application. Subject to such uniform and nondiscriminatory rules as the Trustees may periodically adopt, the Trustees, upon application by a Participant, may make a loan or loans to such Participants.

Eligibility

Vested Participants with an account balance of at least five thousand dollars (\$5,000) are eligible to apply for a loan. The following Participants are not eligible to apply for a loan:

- Retired Participants and Alternate Payees under Qualified Domestic Relations Orders.
- Participants who have an outstanding loan. No more than one (1) outstanding loan is permitted at one (1) time.
- Participants who have applied for a new loan within the last twelve (12) months.
- Participants who have defaulted on a prior loan.

Application

A Participant may apply for a loan in writing to the Trustees, on an application form prescribed by the Trustees. The Trustees' decision with respect to such application shall be final and binding.

A Participant applying for a loan also shall provide the following:

- Promissory Note - The loan shall be evidenced by a Promissory Note which documents the loan terms. The Promissory Note must be executed by the Participant prior to the establishment of the loan;

- Spousal Consent - The Participant's spouse must consent to the use of any portion of the Participant's vested account being assigned as collateral to secure a loan from the Plan. The Spousal Consent form must be notarized;
- Copy of the Participant's Driver's License;
- Copy of the Participant's Spouse's Driver's License;
- If married, a copy of the Marriage Certificate or equivalent proof of marriage;
- If divorced, a copy of the complete Divorce Decree and property Settlement Agreements;

Term of Loan

The period of repayment for any loan shall be arrived at by mutual agreement between the Trustees and the borrower. The Participant may elect a loan term of 36, 48, or 60 months, but in no event will the terms of the loan be more than 60 months. Repayment of interest and principal shall commence on the 20th day of the month following the month in which the loan was issued, but in no event shall the first payment be due in less than thirty (30) days. Repayment of interest and principal shall be made according to a substantially level amortization schedule of monthly payments over the term of the loan.

Interest Rate

Each loan shall bear interest at a rate to be fixed by the Trustees as follows:

- 36 Month Loan Term: Prime Interest Rate + 3.00%
- 48 Month Loan Term: Prime Interest Rate + 3.25%
- 60 Month Loan Term: Prime Interest Rate + 3.50%

The interest rate shall remain constant for the term of each individual loan. The Prime Interest Rate will be reviewed annually by the Trustees on January 1st, and will apply for all new loans in that year.

The Trustees shall not discriminate among Participants in the matter of interest rates, but loans granted at different times may bear different interest rates if, in the opinion of the Trustees the difference in rates is justified by a change in general economic conditions. In any event, each loan shall bear a reasonable rate of return.

Repayment of principal and interest shall be credited to the Participant's segregated account.

Distribution

If the Participant's self-directed account is allocated to more than one investment account, the Loan will be taken from all the investment accounts on a pro-rata basis, based upon the market value of each account balance as of the date of the distribution.

Collateral

Each loan shall be secured by the assignment by the borrower of the borrower's right, title and interest in and to the Trust Fund to the extent of the borrowed amount, as evidenced by the borrower's collateral promissory note for the amount of loan, including interest, payable to the order of the Trustees.

No portion of a Participant's account may be used as collateral for a loan unless at the time a security agreement is entered into, the Participant's spouse, if any (on the date the security agreement is entered), consents in writing to the use of the account as security for the loan.

Promissory Note

This loan shall be secured by the Participant's Promissory Note, which documents the loan terms. Prior to the establishment of the loan, the Participant must execute the Promissory Note. If married, the Participant's spouse must consent to the loan in writing and have his/her signature notarized.

Prepayment

A Participant/borrower may make additional payments towards the principal without incurring penalty or charge. These payments may be made at any time and will be applied to the outstanding principal balance. Additional payments do not relieve the Participant/borrower of the obligation to remit regular future monthly payments. All additional amounts paid will be treated as additional principal payments unless designated as prepayments of monthly loan installment payments, as described below. Interest will be adjusted at the time that the note is fully paid.

Participants will be allowed to make prepayments of principal and interest by remitting a sum equal to one (1) or more additional monthly payments. The payment must be clearly designated as a prepayment by the Participant.

Processing Fee

All loans are subject to a one-time administration fee for processing the loan. The amount of the fee is \$250. The loan processing fee will be deducted from the loan proceeds at the time the loan amount is paid to the Participant by the Fund.

Late Payments

A thirty dollar (\$30) late charge will be assessed for any loan in the event that any payment is not received within fifteen (15) days after the due date. Late charges will continue to be assessed each month until unpaid amounts are received by the Fund or until Default.

Non-Sufficient Funds

A fifty dollar (\$50) charge will be assessed for any payment that is returned for non-sufficient funds (NSF).

Default

If a Participant/borrower fails to make four (4) loan payments when due, the loan will be in default. The Trustees may then act upon the collateral assigned by the Participant to secure the loan, and the Fund will report to the Internal Revenue Service that the Participant/borrower received a deemed distribution of all outstanding principal and interest accrued on the Defaulted loan. As such, the distribution will be reported by the Fund on Form 1099-R and the Participant will be required to report the distribution on their tax return as regular income. A ten percent (10%) additional tax may be due to the IRS. The Trustees are also required to report the deemed distribution to the IRS.

Statements

Loan balance statements will be mailed to each Participant on a monthly basis.

Appeals

Any appeals with respect to loan administration must be made to the Fund Office in writing. All appeals will be presented to the Trustees for consideration at their next meeting.