**Sheet Metal Workers' Local No. 83 Annuity Fund**

**Participant Loan Procedures**

Pursuant to the terms of Sheet Metal Workers' Local No. 83 Annuity Fund, the Trustees have adopted a Participant loan program as part of such Plan and Trust. The program is Intended to comply with Labor Regulation 2550.408b-1 and Proposed Internal Revenue Regulation sec. 1.72 (p)-1. Loans will be made pursuant to the terms of the Plan and Trust and the following provisions of this Participant Loan Program.

1. **Loan Committee**

The Loan Committee is responsible for the administration of the loan program. The Loan Committee consists of 3 Employer Trustees of the Plan, 3 Union Trustees of the Plan and the Plan Administrator, who is also the Loan Administrator. Only Trustees shall have a vote. A majority vote of the Loan Committee, consisting of 2 Employer Trustees and 2 Union Trustees, is required for approval of all loans *except hardship loans*. Hardship loans shall be approved in writing, including via email, by the Benefits Manager and the Fund Manager.

The Loan Committee may discuss loans in person, by telephone or by email and can approve or deny a loan at any time. Votes may be made by email or an electronic signature program, such as Docusign. Unanimous approval is not required for electronic voting of the Loan Committee.

1. **Application Procedure**
	1. Obtain and complete a loan application form as provided by the Loan Administrator.
	2. Submit the completed loan application with all required documentation to the Loan Administrator at least 20 days before the date the loan is to be reviewed.
	3. Loan applications will be reviewed by the Loan Administrator for completeness. Incomplete applications will be returned to the applicant for completion.
	4. The loan Committee has the right to request additional information and documentation.

*All loan requests and other inquiries should be sent to:*

Fund Manager/Loan Administrator

Sheet Metal Workers' Local 83 Annuity Fund

900 Commerce Drive

Clifton Park, NY 12065

(518) 489-1377

1. **Loan Administration**
2. The loan Committee will administer the loan Program in a uniform, non-discriminatory manner. loans will not be denied to any Participant based on the Individual's race, color, religion, sex, age or national origin.
3. No loans will be made to any Participant who is the beneficiary of a deceased Participant with respect to the deceased Participant's funds, an alternate payee under a Qualified Domestic Relations Order, a retired Participant or a Participant who meets the definition of a terminated Participant under the plan (a Participant who has had no employer contributions on his behalf for a period of 6 months or longer).
4. The Loan Committee shall have the authority to suspend the loan program and cease issuing new loans at any point, if it deems the delinquency rate of loan payments is too high.
5. Prior to funding a Participant Loan, the amount necessary to fund the Participant Loan shall be taken from the investments in the Participant's account on a prorated basis. The loan shall be transferred to a segregated account. During the term of the Participant Loan, this segregated account shall be maintained, and repayment of principal and interest shall be made to this segregated account. This segregated account shall not share in any gains or losses credited to the Plan that do not directly relate to the Participant Loan.
6. **Loan Types and Amounts**

Loans will only be approved if the loan proceeds are to be used for one of the following reasons. Participants must provide sufficient documentation to establish that they are using the loan proceeds for one of the reasons listed below.

1. Acquiring a principal residence for the Participant (excluding mortgage payments).
2. Paying deductible medical expenses (described in Section 213(d) of the Internal Revenue Code Incurred by the Participant, his or her spouse or dependents.
3. Payment of tuition, related education fees and room and board expenses of post-secondary education for the Participant, his or her spouse, children or dependents.
4. To prevent the eviction of the Participant from his principal residence or foreclosure on the mortgage of the Participant's principal residence.
5. For funeral expenses incurred by the Participant because of the death of the Participant's spouse, child, dependent or a parent of the Participant or the Participant's spouse.
6. For another financial hardship, such as the repair of a Participant’s only vehicle or the replacement of a defective roof on the Participant’s principle residence (referred to as “Hardship Loans”).

Loan amounts are subject to the following restrictions:

* Minimum amount: $1,000
* Maximum amount for all loans except Other Financial Hardship: lesser of 40% of account balance at time of distribution or $50,000.
* Maximum amount for Hardship Loans: lesser of 40% of account balance at time of distribution or $8,000.

Participants may not have more than one loan outstanding at one time. Participants who previously defaulted on a loan may not receive a second loan from the Plan, unless they repay the defaulted loan in full and obtain approval from the Trustees.

1. **Interest and Fees**

The interest rate will be determined from time to time by the Loan Committee with the intention of providing the Plan with a return commensurate with the interest rates charged by person in the business of lending money for loans which would be made under similar circumstances. The Trustees, in their discretion, may determine the interest rate by either:

* Utilizing the prime rate of interest as published in the Wall Street Journal as of the last day of the preceding month, plus 1.00 percent; or
* Conducting a survey of the rates for comparable, fully-secured loans offered by banks and/or credit unions, and choosing a rate based on the results of this search

The rate of interest will be fixed throughout the term of the loan.

To cover the added administrative costs associated with a Participant Loan under the Plan, the applicant will be charged a $50 loan origination fee, plus an annual fee of $50 for every year the loan is outstanding.

1. **Collateral**

All loans must be adequately secured by the remaining balance of the Participant's account. No more than 50 percent of the present value of a Participant's vested interest in the Plan may be considered by the Plan as security for the outstanding balance of all Plan loans made to the Participant. If the interest of the Participant in the Plan is to be used as security for a Plan loan, the written consent of the Participant's spouse, if any, must be obtained within 90 days before the date on which the loan is to be so secured. A new consent must be obtained whenever the amount of the loan is increased or if the loan is renegotiated, extended, renewed or otherwise revised. The form of the consent must acknowledge the effect of such consent and be witnessed by a Plan representative or a notary public.

1. **Repayment Terms**

All loans are required to be repaid within 5 years of the date of the loan. If the Participant notifies the Loan Administrator in writing that the entire proceeds of the loan will be used to acquire a dwelling unit that will, within a reasonable time, be used as the principal residence of the Participant the loan will be required to be repaid within 15 years of the original date of the loan. Loans are to be repaid on the basis of substantially level amortization over the term of the loan with payments made monthly.

Participants are required to make their first loan payment by check and all subsequent loan payments via ACH. Participants are responsible for informing the Plan of any changes in their banking account. If payments are not received due to a banking change, the Participant will be considered in default. The minimum monthly payment on any loan must be at least $100.00.

Loan payments shall be suspended during a leave of absence on account of the Participant performing service in the uniformed services (as defined in chapter 43 of Title 38 of the United States Code), whether or not qualified military service. Such suspension shall not be taken Into account for purposes of meeting requirements of sections 72(p), 401(a), and 4975(d)(1) of the Internal Revenue Code. For example, if the loan was due in 5 years, the 5 year period would be calculated by extending the period by the length of absence.

The Plan permits a terminated participant, who has elected to defer receipt of a final distribution, to continue making scheduled installment payments on the participant's outstanding loan. The participant must contact the Plan Administrator for repayment options.

1. **Default**

A loan is in default when a scheduled installment payment has not been received by the last day of the calendar quarter following the calendar quarter in which the last scheduled installment payment was due. If payment has not been made within 60 days of the installment due date, the Loan Administrator will notify the Participant in writing that the loan will be in default at the end of the applicable calendar quarter following the calendar quarter in which it was due. If payment is not received within such stipulated time period, the following will take place:

1. The entire unpaid balance on a defaulted loan will be considered to be in default as of the date the last payment was due.
2. If the Participant fails to make provisions for repayment reasonably acceptable to the Loan Committee, at the election of the Loan Committee, exercised in a uniform and nondiscriminatory manner, the remaining principal on the loan shall be declared due and payable as of the date the last payment was due.
3. The amount of any uncured default will be considered as having been received in a taxable event, subject to personal income and penalty taxes. Such tax consequences do not affect Participant's obligation to repay the loan. Form 1099R will be timely issued to the Participant and the IRS; however, the loan will not be charged against the Participant's vested account balance until he or she terminates service, retires, dies, becomes disabled, or reaches the earliest date distribution is permitted under the Plan.
4. The Loan Committee shall have the discretion to pursue the loan repayment using any legal means it deems necessary.

APPROVED by the Board of Trustees via a vote by electronic mail, which shall be effective as of July 15, 2024.