

# Participant Loan Application Form

## Step One - Enter your name, the company you work for and what you want to do.

Last Name: _____			First Name _____		MI _____	Company You Work For _____	
Address - Number and Street _____						( ) _____ - _____	_____
City _____			State _____		Zip Code _____	Daytime Phone Number _____	Social Security No. _____
Email Address _____							

## Step Two - Short Term Redemption Policy (if not selected we will wait until redemption fees are eliminated)

- Process the Loan Now** (I understand that I may pay a fee of up to \$49.99 for each fund liquidated that I have held less than 90 days)
- Wait until all Redemption fees are eliminated before processing the loan.**

For an estimate of your loan payment date, enter your email address here: \_\_\_\_\_

Schwab's short-term redemption fee will be charged on redemption of funds (except Schwab Funds®, which may charge a separate redemption fee) bought through Schwab's Mutual Fund OneSource® service (and certain other funds with no transaction fee) and held for 90 days or less. Please refer to the loan terms and conditions and Schwab's Short Term Redemption Policy.

## Step Three - Enter Type of Loan Requested

**General Purpose Loan:** Available for any purpose.

Choose repayment term:

- 1 year  2 year  3 year  4 year  5 year

**Principal Residence Loan:** Available **ONLY** to purchase or build a principal residence (not available to renovate or refinance a principal residence). Attach an executed sales contract for the principal residence being purchased.

Choose repayment term:

- 10 year  11 year  12 year  13 year  14 year  15 year

**Minimum Loan:** \$1,000

**Maximum Loan:** Generally the lesser of 50% of your vested account balance or \$50,000

**Note:** If a specific amount was requested and the amount requested exceeds available funds, we will process the loan for the maximum account available.

\* Checks can be sent express only to the street addresses, not to P.O. boxes.

## Step Four - Enter Loan Amount and Optional Email Address for Faster Service

**Loan Amount** (You must be an **Active Employee** in order to take out a 401(k) loan. Repayments must be made through payroll deductions. If you are a terminated employee you may not take out a loan. Your repayment schedule is determined by how often contributions are remitted to your account).

Amount of Loan \$ \_\_\_\_\_

Loan Origination Fee \$ - \$65.00

Check Amount \$ \_\_\_\_\_

### Optional E-Mail Address

- E-mail my Loan Promissory Note and Truth-in-Lending Disclosure to \_\_\_\_\_

(e-mail address)

## Step Five - Sign and Submit to your Employer

**EMPLOYEE AUTHORIZATION** - My signature acknowledges that I have read, understand and agree to all pages of this Account Reduction Loan Application form. I affirm that all information that I have provided is true and correct. I understand that funds may impose redemption fees on certain transfers, redemptions or exchanges if assets are held less than the period stated in the fund's prospectus or other disclosure documents. I will refer to the fund's prospectus and/or disclosure documents for more information. I certify that the amount requested does not exceed the allowable amount described on Page 2. I understand that payments are to be made by payroll deduction and are due according to the amortization schedule that I receive.

\_\_\_\_\_  
(Plan Participant Sign Here)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Email Address)

**EMPLOYER AUTHORIZATION** - My signature acknowledges that I have approve this loan request for the above named plan participant.

\_\_\_\_\_  
(Plan Trustee Sign Here)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Email Address)

**Cost** - A loan origination fee in the amount of \$65 shall be deducted from the loan amount approved. In addition to the origination fee, an annual maintenance fee of \$65 will be charged to your account.

**Amount of Loan** - The maximum loan amount, when added to the outstanding balance of all other loans from all qualified plans sponsored by your employer, is generally the lesser of 50% of your vested account balance, or \$50,000 reduced by the excess, if any, of your highest total outstanding balance of all such loans for the one —year period ending on the day before the date the loan is made, over the outstanding balance of loans from all such qualified employer plans on the date the loan is made.

**Source and Application of Funds** - Loan disbursements will be made on a prorated basis from each of your current investment options and contribution sources or Wellington may decide which funds to liquidate to fund the loan proceeds.

**Eligibility** — You must be actively employed to take a loan. Note that if you file bankruptcy, the bankruptcy court may prohibit the plan from processing your repayments through payroll deduction.

**Interest Rate Determination** - For loans originating in any given month, interest due will be based on the designated rate for your Plan on the first business day of each month, and such rate is fixed for the life of the loan. For most plans the rate is the current prime rate. Please refer to your Summary Plan Description for additional details.

**Repayment** — Payments must be made by payroll deduction, Wellington will send a notice to your employer's payroll department at the time a participant's loan is made, indicating the dollar amount your employer must begin deducting from your pay each pay period according to the payroll frequency indicated on the front of the form. You should refer to your Truth-in-Lending Disclosure and promissory note and/or amortization schedule for information as to the amount and due date of each payment. It is entirely your responsibility to ensure that timely loan repayments are being remitted to Wellington by your employer's payroll department to avoid the tax consequences associated with a defaulted plan loan.

Principal repayments and interest payments shall be reinvested in your account in accordance with your investment election in effect at the time the payments are received by Wellington.

**Default** — If the sum of all loan payments due in a calendar quarter is not made and payment is not received by the end of the following calendar quarter, pursuant to Internal Revenue Code rules and regulations, the loan will be in default and the entire outstanding loan balance, including accrued but unpaid interest, shall be deemed distributed and will be tax reported to you. This entire amount must be included in your gross income in the calendar year of default. An IRS premature withdrawal penalty may also apply. Borrowers who default on a loan from the Plan may be prohibited from obtaining future loans from the Plan.

**Prepayment** - Prepayment in full of the outstanding loan principal and the accrued interest may be made no earlier than the next loan payment due date. Arrangements for a full payment must be made by contacting Wellington for a prepayment figure no more than two weeks before the payoff.

**Full Distributions** - Before a full distribution can be processed, you must have experienced a distributable event and elect to treat the loan as a taxable distribution.

All outstanding loan principal and accrued interest shall be treated as a distribution from the Plan on the date of death. The loan cannot be transferred to, or assumed by, your beneficiary. In addition, the amount of the outstanding loan will be tax reported as a distribution to you or your estate, as applicable.

**Hold Harmless** - Wellington Financial Group, Inc. accepts no responsibility for any adverse tax consequences to you resulting from your failure to adhere to the terms of this agreement and all applicable federal and state loan laws, and you hereby hold Wellington harmless from any claim, of whatever nature, from yourself, your creditors, your family, your heirs, successors and assigns in connection with this agreement

**Schwab Short Term Redemption Fee** - Schwab's short-term redemption fee will be charged on redemption of funds purchased through Schwab's Mutual Fund OneSource® service (and certain other funds with no transaction fee) and held for 90 days or less. Schwab reserves the right to exempt some funds from this fee, including certain Schwab Funds®, which may charge a separate redemption fee, and funds that accommodate short-term trading.

**Please forward completed paperwork to Wellington at:**

Wellington Consulting Services, Inc.  
Attn: Loan Processing Dept.  
14325 Willard Road, Suite 104  
Chantilly, Virginia 20151  
Phone#: 1-703-802-2300  
Fax: 1-703-802-2317

Web site: [www.wellington401k.com](http://www.wellington401k.com)