

PLAN LOAN POLICIES AND PROCEDURES (as modified and amended on November 7, 2019)

Part 1: GENERAL PLAN INFORMATION	
Employer Information	Employer Name: Brethren in Christ Pension Fund
	Address: 431 Grantham Road, Mechanicsburg, PA 17055
	Phone: (717) 796-4788
	Employer Identification Number: 25-1679077
Plan Information	Plan Name: Brethren in Christ 403(b) Plan
	Name of Administrator: David M. Strausser
	Address: 431 Grantham Road, Mechanicsburg, PA 17055
	Phone: 717-796-4788
	Contact Person: David M. Strausser
	Email: dstrauss@bicfoundation.org
Part 2: ELIGIBILITY FOR LOANS	
<p>Each person who is a party-in-interest with respect to the Plan and Trust as defined in '3(14) of ERISA is eligible to receive a participant loan. This includes active participants, and:</p> <p> <input type="checkbox"/> (a) Beneficiaries; <input checked="" type="checkbox"/> (b) Former Participants; or <input type="checkbox"/> (c) Employees who have not met eligibility requirements to enter the plan but have rollover and/or transfer accounts. </p> <p>Loans will be made without regard to race, color, religion, sex, age, or national origin.</p> <p>Participants are permitted to have <u>3</u> outstanding loans.</p>	
Part 3: LOAN APPLICATION PROCEDURE	
<p>Any person who is a party-in-interest with respect to the Plan may apply for a loan (subject to restriction in Part 2 above) by completing and submitting a loan application to the Administrator on a form available from the Administrator. The Administrator will review the loan application and return it to the individual if it has not been properly completed.</p> <p>Once the loan application is completed, the administrator will review the application and determine whether the individual satisfies the participant loan criteria. If the individual meets the criteria, the loan will be approved. If the criteria are not met, the loan will be denied, and the Administrator will notify the individual in writing of the denial and the reasons for such denial.</p>	
Part 4: BASIS ON WHICH LOANS WILL BE GRANTED OR DENIED	
<p>Loans will be made to all eligible participants and beneficiaries on a reasonably equivalent basis. In making loans, consideration will be given only to those factors which would be considered in a normal commercial setting by an entity in the business of making similar types of loans. The following factors will be considered:</p> <p> <input type="checkbox"/> Credit worthiness. <input type="checkbox"/> Financial Need <input checked="" type="checkbox"/> Other (specify): <u>Participant's ability to borrow elsewhere is irrelevant in determination of loan</u> </p>	
Part 5: LOAN TERMS	
Minimum Amount of Loan	Select One of the following:
	<input checked="" type="checkbox"/> Each loan shall be for a minimum amount of <u>\$1,000</u> (may not exceed \$1,000).
	<input type="checkbox"/> Not Applicable. There is no minimum loan amount.

Maximum Amount of Loan	<p>Generally, if no other plan loans exist (including a defaulted loan), a participant may borrow up to 1/2 of his or her vested account balance, not to exceed \$50,000. The following chart outlines how this maximum limit works:</p> <table border="0"> <tr> <td><u>Vested Account Balance</u></td> <td><u>Maximum Loan Amount</u></td> </tr> <tr> <td>Less than \$100,000</td> <td>50% of vested account balance</td> </tr> <tr> <td>Over \$100,000</td> <td>\$50,000</td> </tr> </table> <p>However, if the borrower has an outstanding balance on one or more other loans from the plan, then the above limits are reduced by the sum of the outstanding loan balances on the date the new loan is made.</p> <p>In addition, to prevent borrowers from using "bridge loans," the \$50,000 limit must be further reduced by the excess of:</p> <ul style="list-style-type: none"> • The highest outstanding balance of all loans during the 1 year period ending on the date of the loan, over • The outstanding balance of all loans (including any "defaulted loan" amounts, plus accrued interest) from the plan on the date the loan is made. <p>For example, a participant or beneficiary with a vested account balance of \$200,000 borrows \$30,000 from his plan on January 1, 2017. On November 1, 2017 he wishes to borrow an additional amount without triggering a taxable distribution. On November 1, the outstanding loan balance is \$20,000. How much more can he borrow from the plan? The answer is \$20,000, calculated as follows:</p> <p>$\\$50,000$ (loan limit) - $(\\$30,000^1 - \\$20,000^2) - \\$20,000^3 = \\$20,000$</p> <p>The Loan Worksheet (Exhibit A) may be used to compute your maximum loan limitation.</p>		<u>Vested Account Balance</u>	<u>Maximum Loan Amount</u>	Less than \$100,000	50% of vested account balance	Over \$100,000	\$50,000
	<u>Vested Account Balance</u>	<u>Maximum Loan Amount</u>						
	Less than \$100,000	50% of vested account balance						
	Over \$100,000	\$50,000						
<p>If multiple loans (2 or more) have been made during the one-year period, then the highest outstanding balance will be determined as follows (choose one):</p>								
<input type="checkbox"/> 1	<p><u>General Rule</u>: \$50,000 reduced by the highest outstanding aggregate loan balance of all loans during the one-year period ending the day before the loans, and then reduced by the outstanding balance on the date of the new loan; or</p>							
<input checked="" type="checkbox"/> 2	<p><u>Alternative Rule</u>: \$50,000 reduced by the single highest outstanding loan balance during the one-year period</p> <p>For example, a participant borrowed \$30,000 in February 2017 which was fully repaid in April 2017. In May 2017, the participant borrows the maximum of \$20,000 and repays that loan in July 2017. In December 2017, the participant requests a third loan:</p> <p>If Box 1 is checked, then no loan is available, because $\\$50,000 - \\$30,000 - \\$20,000 = \\0 If Box 2 is checked, an additional loan is permitted, because $\\$50,000 - \\$30,000$ (the highest outstanding loan balance) = \$20,000</p>							
Minimum Loan Rule	<p>If the Plan is a Non-ERISA Plan, the participant <input checked="" type="checkbox"/> may; <input type="checkbox"/> may not borrow the lesser of one-half the vested balance in the Plan or \$10,000.</p>							
Maximum Loan Term	<input checked="" type="checkbox"/>	10 years						
	<input type="checkbox"/>	Other (Specify, must be a "reasonable" period of time):						
Repayment Schedule	<input type="checkbox"/>	By Payroll deduction						
	<input checked="" type="checkbox"/>	ACH (Electronic Withdrawal)						

¹ Highest outstanding loan balance during previous 12 months

² Loan balance on date new loan is desired

³ Loan balance on date new loan is desired.

	<input type="checkbox"/>	By check to the Administrator.
Suspension of Loan Payments	During periods of military service, loan payments <input checked="" type="checkbox"/> will <input type="checkbox"/> will not be suspended under this plan as permitted under section 414(u)(4) of the Code.	
	During any participant's leave of absence, as defined in section 72(p) of the Code, loan payments <input checked="" type="checkbox"/> will <input type="checkbox"/> will not be suspended for a period not to exceed one year.	
Security for Loan	As security for the payment of the loan note, the Participant hereby grants the lesser of a 50% security interest in the Participant's account balance, or the loan outstanding principal balance(s), as collateral for the loan. The Administrator may, in its sole discretion, require additional collateral.	
Part 6: DEFAULTING ON LOANS		
If a borrower does not make a loan payment when due (i.e., the borrower defaults on the loan), the borrower will have the following period of time to cure the default:		
<input type="checkbox"/>	Until the end of the calendar quarter following the quarter that the loan payment was due; or	
<input checked="" type="checkbox"/>	90 days after such loan payment is due.	
If a borrower fails to make the loan payment by the end of the cure period (specified above) then the following procedure(s) shall apply (check all that apply to this plan):		
<input type="checkbox"/>	If permitted under the maximum loan limits, a new loan will be created in the amount of the default amount.	
<input checked="" type="checkbox"/>	The defaulted amount will be reported as a deemed distribution for the tax year in which the cure period ends.	
The amount of any defaulted loan plus accrued interest will continue to reduce the amount allowable as a subsequent loan.		
Part 7: DETERMINING THE LOAN'S INTEREST RATE		
The interest rate to be paid by the borrower on the loan must be "reasonable." "Reasonable" is defined to be a rate commensurate with the interest rate charged by persons in the business of lending money for loans which would be made under similar circumstances.		
The Administrator shall determine a reasonable rate of interest by:		
<input type="checkbox"/>	Ascertaining the rates being charged for similar loans by at least two financial institutions or other firms in the same geographic area who are in the business of lending money;	
<input checked="" type="checkbox"/>	Using the Prime Rate plus 1.00 %	
<input type="checkbox"/>	Other (Describe):	
This process shall be used in determining rates on each day a plan loan is granted. If the loan is renewed, extended, or renegotiated, the interest rate charged for the renewal period must be "reasonable" under the economic conditions prevailing at the time of the renewal.		
The interest rate used shall be compounded		
Part 8: MISCELLANEOUS		
Prepayment	The loan may be prepaid in full without penalty at any time. Partial prepayments are also acceptable. Partial prepayments will be credited to principal, and installments shall continue as scheduled. In the event of a partial prepayment, no reamortization of the loan shall occur.	
Loan Expenses	Any expenses incurred in the making, administering or maintaining a participant's loan shall be: (check one)	
	<input type="checkbox"/>	deducted from such Participant's Account under the Plan;
	<input checked="" type="checkbox"/>	paid by the Participant (\$75 Application fee payable by ACH or Check at time of application).
Refinancing of Loans	Refinanced loans <input type="checkbox"/> are <input checked="" type="checkbox"/> are not permitted.	
Death of Borrower	In the event the Borrower dies, unless otherwise directed in writing by the Borrower, the loan note shall be treated as an asset of the plan. A Beneficiary shall therefore be responsible for the remaining loan payments, and shall be treated as the Borrower with respect to all of the rules and policies hereunder. The Beneficiary may "disclaim" the portion of	

	the assets attributable to the loan, by providing a Qualified Disclaimer described in section 2518 of the Code. In such a case, the loan note, or if less, any portion of the loan disclaimed, shall be treated as an asset of the Participant's estate.
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EXHIBIT B: Loan Worksheet – Alternative Rule	
1. \$50,000	\$50,000
2. Enter the single highest outstanding loan balance during previous 1 year period	\$
3. Enter the amount of any unpaid defaulted loans plus accrued interest	\$
4. Add lines (2) and (3), enter sum.	\$
5. Enter current outstanding loan balance on date new loan is requested.	\$
6. Subtract line (5) from line (4)	\$
7. Enter current outstanding loan balance on date new loan is requested.	\$
8. Add Lines (6) and (7), enter sum	\$
9. Subtract line (8) from line (1), enter result	\$
10. Enter total vested account balance, including the value of any outstanding loans	\$
11. Enter 50% of Participant's vested plan balance (50% of line 10)	\$
12. Subtract line (5) from line (11), enter result.	\$
13. Enter lesser of line (9) or line (12)	\$
Amount from Line 13: THIS IS THE ALLOWABLE LOAN AMOUNT AVAILABLE TO PARTICIPANT, WITHOUT TRIGGERING A TAXABLE DISTRIBUTION.	\$
<u>Notes:</u>	
<ul style="list-style-type: none"> • Lines 2, 3 and 7 include the value of deemed distributions of defaulted loans. • The 1 year period referred to in Line 2 ends on the day before the new loan is to be made. • Refinanced Loans that extend the original loan due date are treated as new loans and must satisfy the rules outlined on this worksheet. 	

PLAN LOAN APPLICATION

PLAN INFORMATION	
Employer Name: Brethren in Christ Pension Fund	
Name of Plan: Brethren in Christ 403(b) Plan	
PARTICIPANT INFORMATION	
Name of Participant:	Social Security Number:
Address:	
Business Phone:	Phone:
Email:	Date of Birth:
REQUEST FOR LOAN	
I hereby apply for a loan in the amount of \$_____ from the current vested value in the above referenced plan.	
If multiple accounts or investments are involved, please specify the accounts or investments from which this loan amount should be taken: \$_____ from my Employer TSA account and this/these investment(s) _____ \$_____ from my Employer Matching TSA account and this/these investment(s) _____ \$_____ from my Employee TSA account and this/these investment(s) _____	
PLEASE NOTE: If the balance in your account has decreased between the date on the paperwork and the date returned, the amount you receive may be less than requested.	
PURPOSE OF LOAN	
Select one:	
<input type="checkbox"/>	Principal Residence Purchase (Repayment period will not exceed 10 years).
<input type="checkbox"/>	Other (Repayment period may not exceed 5 years).
If Principal Residence Purchase is selected for the purpose of the loan, then the following condition must be met if loan repayment period is to exceed 5 years. The proceeds of the loan must be applied toward acquiring any house, apartment, condominium, or mobile home (not used on a transient basis) which is used or is to be used within a reasonable time as a principal residence of the participant. The determination as to whether a dwelling is to be used as a principal residence of the participant is to be determined at the time the loan is entered into.	
REPAYMENT OF LOAN	
My loan is to be repaid in _____ monthly payments through ACH (electronic withdrawals) from my (checking or savings) _____ account. My bank name is _____ My bank routing number is _____ My bank account number is _____ These numbers can be found on the bottom of your checks. If you are unsure, a voided blank check can be attached to this form as a sample.	
By signing this form, you have authorized an automatic transfer from your checking or savings account to the Brethren in Christ Pension Fund for your monthly loan payment. The withdrawal will be done beginning with the 15th of the following month after receipt of the loan, unless it falls on a weekend or bank holiday and will therefore be taken on the next business day.	
Signature of Participant	Date:

BORROWER'S ACKNOWLEDGEMENT	
I, the undersigned borrower, certify that I have read and understood the Participant Loan Rules outlined in the Employer's Loan Policies and Procedures. I assume all responsibilities for tax consequences if monthly payments are not made on a timely basis.	
Signature of Participant	Date:
SPOUSAL CONSENT	
I hereby consent to the making of a loan by the Plan to my spouse and to my spouse's pledge and assignment of a portion of his/her vested account balance as security for the loan by signing this Application and the forthcoming Plan Loan Note and Security Agreement. I hereby acknowledge that I understand that the effect of my consent may be to forfeit benefits that I might otherwise be entitled to receive, and that this consent is irrevocable.	
Signature of Spouse	Date
ADMINISTRATOR APPROVAL	
Signature of Plan Administrator	Date

A one-time \$75 Application Fee is due with the submission of this application and is payable by ACH (electronic withdrawal) or Check. This fee is nonrefundable, regardless of loan approval or disapproval and is payable to the Brethren in Christ Foundation 431 Grantham Road, Mechanicsburg, PA 17055.

I would like to pay this fee by:

- Check (my check is included with this mailed application or will be mailed to the BIC Foundation)
- ACH (by selecting this method, you authorize the BIC Foundation to take a one-time ACH withdrawal in the amount of \$75 from the account listed above in the Repayment of Loan section)