

APPLICATION FOR LOAN FROM MABSTOA PENSION PLAN

2 BROADWAY, 15TH FLOOR, ROOM D15-170/D15-171
NEW YORK, NY 10004
(646) 252-6616/6617

FOR OFFICE USE ONLY

CLOCK-IN-DATE

Application for Loan
Tier 3 and Tier 4 Members Only

Pass Number M Social Security Number X X X - X X - (Last 4 digits)

First Name Middle Initial (Last 4 digits)

Last Name

In care of (if applicable)

Address Apt. No.

City State Zip Code

Title

Department

Home/Cell Phone No. () - Work Phone No. () -

Before filing this application, be sure you read the terms under which a loan will be issued (see TERM pages)

Select one option only for "Loan Requested" and for "Repayment Schedule"

Failure to select an option will result in the loan being processed as if a maximum loan amount had been requested with a minimum repayment amount. Selecting more than one option in any section may result in the loan not being processed. In all cases, the total new outstanding loan can never be greater than the maximum allowed by law, and the requirement to repay the loan within five years may cause the repayment amount to be higher than the amount requested.

Check the appropriate boxes or fill in the amounts.

Loan Requested

Maximum or Amount \$, . 0 0

Repayment Schedule

Minimum Repayment or Amount per Payroll Period \$ or Number of Payments

By submitting this application, I hereby declare that I do not presently have two or more loans outstanding from my 401k, 457, and pension plans combined. I do hereby make application for a loan subject to the TERMS allowed by law and the rules of MABSTOA PENSION PLAN. I have read and I understand the TERMS governing this loan.

Signature of Member _____

This form must be acknowledged before a Notary Public or Commissioner of Deeds

State of County of

On this day of 20 , personally appeared before me the above named,

, to me known, and known to me to be the individual described in and who executed the foregoing instrument, and he or she acknowledged to me that he or she executed the same, and that the statements contained therein are true.

Signature of Notary Public or Commissioner of Deeds

Official Title

Expiration Date of Commission

If you have an official seal, affix it.

MABSTOA PENSION LOAN

MABSTOA PENSION LOAN TIER 3 AND 4 LOAN RATES ON NEW LOANS ISSUED

INTEREST RATE	7.00%	THE APPLICATION FEE OF \$40.00 WILL BE DEDUCTED FROM				
LOAN INSURANCE	0.30%	THE LOAN CHECK. DO NOT SUBMIT WITH THE APPLICATION.				
	7.30%					
APPROXIMATE REPAYMENT SCHEDULES FOR BI-WEEKLY PAYROLLS						
Loan Amount	Years	5	4	3	2	1
	# of Payments	130	104	78	52	26
\$40,000		368	444	572	828	
\$39,000		358	433	557	807	
\$38,000		349	422	543	786	
\$37,000		340	411	529	766	
\$36,000		331	400	515	745	
\$35,000		322	389	500	724	
\$34,000		313	377	486	704	
\$33,000		303	366	472	683	
\$32,000		294	355	457	662	
\$31,000		285	344	443	642	
\$30,000		276	333	429	621	
\$29,000		267	322	415	600	
\$28,000		257	311	400	579	
\$27,000		248	300	386	559	
\$26,000		239	289	372	538	
\$25,000		230	278	357	517	998
\$24,000		221	266	343	497	958
\$23,000		211	255	329	476	919
\$22,000		202	244	314	455	879
\$21,000		193	233	300	435	839
\$20,000		184	222	286	414	799
\$19,000		175	211	272	393	759
\$18,000		165	200	257	373	719
\$17,000		156	189	243	352	679
\$16,000		147	178	229	331	639
\$15,000		138	167	214	310	599
\$14,000		129	155	200	290	559
\$13,000		119	144	186	269	519
\$12,000		110	133	172	248	479
\$11,000		101	122	157	228	439
\$10,000		92	111	143	207	399
\$9,000		83	100	129	186	359
\$8,000		74	89	114	166	319
\$7,000		64	78	100	145	280
\$6,000		55	67	86	124	240
\$5,000		46	56	71	103	200
\$4,000		37	44	57	83	160
\$3,000		28	33	43	62	120
\$2,000		18	22	29	41	80
\$1,000		9	11	14	21	40

IN ALL CASES, PAYMENTS MAY NOT BE LESS THAN 2% OF BASE SALARY

MABSTOA PENSION LOAN

MABSTOA PENSION PLAN LOAN APPLICATION FOR TIERS 3 AND 4 MEMBERS ONLY

TERMS OF LOAN

Eligibility:

1. An employee in active service and in pay status with at least one year of membership may borrow from the MABSTOA PENSION FUND by filing a properly completed and notarized application.
Note: MaBSTOA must have a birth date on file before processing a loan.
2. An outstanding loan cannot exceed 75% of the contributions, with interest, last posted to the member's account. In addition, the maximum allowable outstanding loan amount for VESTED employees cannot exceed 50% of the present value of the Accrued Vested Benefit (AVB) less the highest outstanding balance of any pension loan(s) within the previous one year period from the day a new loan is issued. The AVB is the current value of the reserves needed today to fund your future retirement benefit and is based on your retirement plan, age, years of credited service and salary history.
3. The minimum amount of a cash loan is \$1,000.
4. Once a loan has been issued by MaBSTOA, it may not be cancelled.
5. Only one loan may be issued in any 12-month period. There is no provision in the law to allow for any exceptions.
6. The maximum number of outstanding loans allowed within a 12-month period is **TWO**. This includes loans from the pension plan and 401(k) and/or 457 deferred compensation plans.
7. The employee's account(s) remains intact and continues to accrue interest on the full balance. The amount borrowed is from retirement system funds.

Fees:

1. There is a service fee of \$40.00 for processing each loan. This fee is automatically deducted from the loan check.
2. Those who are no longer on payroll may switch to direct payment; however, there is a \$5.00 per check fee for each direct payment.
3. There is a \$40.00 service fee for personal checks that are returned uncollected.

In use beginning January 2010 (D)	Sign the Loan application and have it notarized, Page 1	Form #302
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MABSTOA PENSION LOAN

Payment:

1. An employee in pay status may only make payments by payroll deductions. Once set, the repayment schedule remains the same for each payroll period until the loan is paid in full.
2. Repayments must be at a rate not less than 2% of your gross salary per pay period. Because all loans (including interest and insurance premiums) MUST be paid within five years, it may be necessary for MaBSTOA to adjust your repayment to an amount higher than requested.
3. Effective January 1, 2004, each loan issued and outstanding is considered separate, and a separate repayment schedule must be applied. A separate deduction will be made for each loan issued.
4. An employee may request, in writing, to repay the outstanding loan in a lump sum. The employee will then be provided with a statement specifying the amount due on a certain date.
5. If the employee is no longer receiving a paycheck from which loan payments are being deducted, it is important to contact MaBSTOA Pension Loans at (646) 252-6616/6617 to arrange direct payments. This is especially true for vested employees. (See Consequences section for further information.)

Interest:

1. The employee must pay the current 7% interest rate.
2. Whenever there is a change in the interest rate, it shall be applicable to loans applied for or renegotiated after the date of such change.

Consequences of Non-Payment:

1. If an employee leaves MaBSTOA service with an outstanding loan balance, and discontinues payments, interest will accrue on the outstanding loan up to the date of retirement. This outstanding balance may increase to such a large amount as to significantly decrease the retirement benefit otherwise payable.
2. A loan for which no payments have been made for over 90 days is termed a *Non-Performing Loan* and may have adverse tax consequences. (See Taxability section for further information.)
3. If a member has a *Non-Performing Loan*, he or she forfeits all future entitlement to borrow until the outstanding balance is fully paid.
4. Insurance coverage is DISCONTINUED on a *Non-Performing Loan*. (See Insurance section for further information.)

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Insurance:

1. Loan insurance is MANDATORY and employees may not elect to waive the insurance premium of 0.3%.
2. Insurance coverage applies only upon the death of a member.
3. All loans are fully insured AFTER 30 days of issuance. For the first 30 days of a new loan, the insurance coverage will continue on the outstanding balance of the previous loan. However, the amount of the new loan will be uninsured for the first 30 days.
4. Insurance coverage is discontinued on a *Non-Performing Loan*. Once an employee begins to make regular payments, the loan will be considered insured but, for all other purposes, will remain a *Non-Performing Loan*.
5. The loan insurance premium rate is reviewed by MaBSTOA at least once a year. Premiums may change over the life of the loan.
6. The terms or conditions of coverage may be modified, or the insurance coverage itself may be discontinued.

Taxability:

If an employee currently has two or more loans outstanding and applies for an additional loan, the application for a loan will be denied. With the exception of loans greater than \$50,000, current tax law does not consider a loan scheduled to be repaid within a 5-year period to be a taxable distribution. If the loan is not paid within 5 years, then the outstanding balance at the end of that 5-year period may be considered a taxable distribution. In addition, if loan payments are not made for a 90-day period, the I.R.S. considers the loan to be a non-performing loan and some part of the outstanding loan will be deemed taxable and reported to the I.R.S. Subsequent loan payments will not negate the fact that a taxable distribution has been reported. An outstanding loan will also be at least partially taxable upon an employee's retirement or at the time an employee elects to obtain a refund of contributions plus interest after resignation. In addition to being taxable at an employee's normal tax rate, the distribution may incur an additional 10% penalty if the employee is under 59 1/2 years of age.

Military Service:

1. For an employee who is called into military service and who has an outstanding loan balance, such a loan will be suspended until the employee is discharged from the service.
2. The interest rate during this time cannot exceed 6%.
3. The loan repayments may be increased to insure the outstanding balance is paid within the maximum 5-year period.

Did You Remember To:

- Indicate pass number on application form?
- Sign the application form?
- Have application form notarized?
- Read the revised loan terms?

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