



# Loan Application

IUE-CWA 401(k) Retirement Savings and Security Plan

1460 Broad Street \* Bloomfield, NJ 07003  
phone: (973) 893-0333 fax: (973) 893-8225  
www.iuepension.org

Please print using blue or black ink. We will not process the Loan without proper documentation and signatures.

**General Conditions - By signing this Loan Application, you are agreeing to the following:**

1. The amount you borrow may not exceed the lesser of \$50,000 or 50% of your account balance.
2. You must sign a note providing for repayment of loan principal with interest at a rate fixed on the date your loan request is approved.
3. You must pledge your account balances as security for repayment.
4. You must agree to payroll deductions sufficient to pay loan principal and interest.
5. You may only have one loan from the Plan outstanding at any time.
6. Loans are subject to other rules with the Plan Administrator may establish from time to time and which are explained in the Summary Plan Description.
7. A Loan Processing Fee of \$100 will be taken from my account at the time the Loan is processed.
8. You agree that you have fully read and understand the Summary Plan Description.

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Company \_\_\_\_\_ Social Security Number \_\_\_\_\_

Name \_\_\_\_\_ Date of Birth \_\_\_\_\_

E-mail address \_\_\_\_\_ Phone (\_\_\_\_) \_\_\_\_\_

Address \_\_\_\_\_ Marital Status: \_\_\_\_ Not Married \_\_\_\_ Married spouse must sign below

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

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**Loan Limits** - Please answer the questions below

1. Do you participate in another plan sponsored by the same employer?  
\_\_\_\_ yes \_\_\_\_ no
2. If yes, did you have a loan balance in any of the other plan(s) during the past year?  
\_\_\_\_ yes \_\_\_\_ no (if no, skip to #4)

Note: If you answered yes to question 2, in no event may the combined balance of all loan(s) from a single employer to you exceed \$50,000, reduced by the amount of the highest outstanding loan balances during the 1-year period (ending on the day before the date on which such loan is made).

3. Is Prudential Retirement the record keeper for the employer-sponsored plan?  
\_\_\_\_ yes \_\_\_\_ no (if no, please supply the highest outstanding loan balance during the 12 month period \$\_\_\_\_\_ and the current outstanding loan balance \$\_\_\_\_\_).
4. Have you defaulted on a previous plan loan?  
\_\_\_\_ yes \_\_\_\_ no
5. If yes, did this loan begin on or after January 1, 2002?  
\_\_\_\_ yes \_\_\_\_ no

Note: If you answered yes to these questions, defaulted loans that were initiated on or after January 1, 2002 will limit the maximum loan amount available.

**Important information:** If you failed to respond to the questions above, the Plan and Prudential will interpret the lack of response as your confirmation of the prerequisites in order to qualify for the requested loan amount. Please reference the section entitled "Your Authorization" for potential consequences of answering any of the above questions incorrectly.

**Amount of Loan** - The minimum loan is \$1,000. The maximum loan amount is 50% of your account balance up to \$50,000. For more details, see your Summary Plan Description or contact the Plan Office.

\$ \_\_\_\_\_ = requested Loan Amount

Your Loan, when approved, will be taken from your account balance and equally from all investments that you currently have in the Plan. When your Loan is paid back to the Plan, it will be applied back to the same sources from which it was taken and into your current investment elections.

If you answered "yes" to question 2 in the previous section, please be sure to calculate the combined balance as instructed to confirm the amount you request here is allowable.

If the amount available at the processing time is less than the amount indicated above, the loan amount will be reduced to the maximum available amount.

\_\_\_\_\_ I DO NOT wish my requested Loan amount to be reduced. DO NOT process this request if the available amount is less than I indicated.

**Loan Duration** - The duration of the loan may not exceed 5 years except for the purchase of a primary residence.

I elect the term of this loan to extend over the following number of years:

\_\_\_\_\_ 1 year          \_\_\_\_\_ 2 years          \_\_\_\_\_ 3 years          \_\_\_\_\_ 4 years          \_\_\_\_\_ 5 years

OR

I am using this loan for the purchase of my **primary residence**. Therefore, I wish to extend the number of years to repayment to \_\_\_\_\_ years, **not to exceed 10 years**. I am purchasing a primary residence and I have enclosed a copy of the Sales Agreement signed by myself and the seller and dated within the last 90 days as documentation for proof of purchase.

**Loan Fees** - A \$100 loan application fee will be deducted from your account.

\_\_\_\_\_ I wish to have my loan check via Express Mail. Therefore please deduct an additional \$10.50 from my account for the Express Mail costs. Express Mail is NOT available for delivery to post office boxes.

**Spousal Consent** - If you are married, your spouse must complete the following section in the presence of a notary public

I understand that my spouse has elected to take a Loan from the IUE-CWA 401(k) Plan. I understand that I am entitled to a spousal death benefit under the Plan based on the participant's account balance at the time of his/her death. I understand that my spouse's election is not valid unless I consent to it, and that I cannot change my consent at any time. I understand that if the Loan is not paid back, part of the benefit to secure the Loan may not be available to provide me with benefits in the future. By signing below, I consent to my spouse's election to take a Loan from the Plan.

Spouse's signature \_\_\_\_\_ date \_\_\_\_\_

Notary Public \_\_\_\_\_ date \_\_\_\_\_

**Authorization**

I have read and understand the above form and the IUE-CWA 401(k) Plan Summary Plan Description. I authorize the IUE-CWA 401(k) Retirement Savings and Security Plan to process my Loan Request and I certify that all statements made by me on this form are accurate. I understand that should I terminate my employment, my loan is immediately due in full. I understand that if I fail to make loan payments and default on my loan that the full amount of the loan will become a taxable distribution to me and I will receive tax documents from the IUE-CWA 401(k) Plan to claim the distribution with my federal and/or state taxes to pay all applicable taxes and penalties.

X \_\_\_\_\_ Date \_\_\_\_/\_\_\_\_/\_\_\_\_  
*Participant's Signature*

**For Fund Use Only**

Form Date 10/2009

Plan

Process Date

Authorizing Signature

Date

# Loan Disclosure Statement - retain for your records

## Loan Amount

The minimum loan amount is \$1,000. The maximum loan amount currently available is limited to the lesser of:

- (1) \$50,000, reduced by the excess (if any) of -----
  - (i) the highest outstanding balance of loans from the plan during the 12 month period ending on the day before the date on which such loan was made, or
  - (ii) the outstanding balance of loans from the plan on the date on which such loan was made, or
- (2) the greater of -----
  - (i) one-half of the present value of the amount of employee elective contributions and rollover contributions under the plan.

The Plan and Prudential cannot process any loans which do not meet these requirements. For federal tax purposes, the \$50,000/50% limit applies as if all qualified retirement plans of the same employer in which you participate were a single plan and all related employer's plans were the same plan. Since Prudential cannot monitor your loan activity relating to any of your employer's other plans or programs, it is your responsibility to do so. Failure to adhere to these limits may result in undesirable tax consequences.

## Interest Rate

**The interest rate will be based upon the bank prime loan rate (as stated on [www.federalreserve.gov](http://www.federalreserve.gov)) on the last business day of each calendar quarter plus 1 %.** This rate will not change during your loan repayment period.

Prudential will declare the loan interest rate quarterly; however, Prudential reserves the right to change the loan interest rate more frequently. Prudential also reserves the right prospectively to change the basis for determining the interest rate with 30 days notice to contract holders. These rights will only apply to a loan issued after the change(s) takes effect, not to an existing loan.

Interest on your loan is not deductible for Federal Income Tax purposes.

Notwithstanding the foregoing, unless waived by you, any loan that is outstanding on the date that you begin active duty military service will accrue interest at annual percentage rate (APR) of no more than 6% during the period of uniformed service in accordance with the provisions of the Soldiers' and Sailors' Civil Relief Act Amendments of 1942, 50 USC App. § 526. This limitation applies even if loan payments are suspended during the period of uniformed service as permitted.

For purposes of withdrawals, transfers, death benefits to your beneficiary, and annuity amounts, you are agreeing that a portion of your account balance, in an amount equal to the outstanding loan balance, will not be available.

## Payments

Loan repayments will include both interest and a portion of the outstanding principal. Loan repayments will be invested according to your investment account allocation on the date of the loan repayment unless you elect otherwise. Loans may be paid off in full for both outstanding principal and accrued interest at any time.

The entire payment amount must be submitted to Prudential for each payment due date. If a "short" (less than expected) payment is received, the remaining payment amount must be submitted to Prudential within the allotted grace period (see **DEFAULT** section). A subsequent payment will satisfy the short amount and the remaining payment amount will be applied to principal. The next scheduled payment is still expected.

Payment amounts received in excess of the scheduled payment amount will be applied toward the current payment due (principal and interest) and the excess will be applied toward principal. The loan will then be reamortized according to the reduced principal balance, resulting in lesser interest due on the loan.

Principal only payments can be remitted under separate cover to the address listed below. You must indicate that you are remitting a principal pre-payment, otherwise the next scheduled payment (principal and interest) will be satisfied before the excess amount is applied toward the principal balance.

## Loan Disclosure Statement - page 2

Prudential

Loan Payment Processing Center P.O. Box 641513  
Pittsburgh, PA 15264-1513

The entire outstanding balance of the loan plus accrued interest may be repaid, without penalty, at any time. Please call our toll-free 800 number, 1-877-778-2100, to determine the amount necessary to pay off your loan. This quote is valid for ten (10) business days.

If you are currently employed by the employer sponsoring the plan, loan repayment will be made by payroll deductions starting as soon as possible following the date the loan proceeds have been forwarded to you and in accordance with the pre-arranged schedule made with your employer.

If you take an unpaid Leave of Absence or your employment terminates, the Plan specifies that you cannot continue making loan repayments and your loan will be considered in default, unless you provide full payment immediately.

### Defaults

Loans default upon a determination by the Plan Administrator (or its agent) for the following reasons:

- Your failure to pay on time (including within any grace period allowed under the loan procedures used for the Plan);
- Your death;
- Your failure to pay on time any other or future debts to the Plan;
- Any statement or representation by you in connection with the loan which is false or incomplete in any material respect;
- Your failure to comply with any of the terms of this Note and other Loan Documentation;
- If you become insolvent or bankrupt;
- Any other action the Plan Administrator reasonably determines to adversely affect your ability or likelihood to repay the loan; or
- Your employment with the employer sponsoring the Plan terminates. However, to the extent allowed under the Plan, you may continue repayment after termination from employment provided you make regular payments no less frequently than quarterly on a revised schedule of amount and payment dates calculated by the Plan Administrator or its agent to repay the loan with interest in full in substantially equal payments over the remaining original period of the loan.

If you default, Prudential or your Plan may, at its option, without demand or notice, accelerate the loan so that the entire amount of unpaid principal and accrued interest will be considered in default and tax reported as income to you. Failure to take action when one of these events occurs does not constitute a waiver on the part of Prudential or your Plan.

If your loan is in default, the outstanding balance is required under federal tax law to be treated as a taxable distribution to you and will result in taxation in the year of default and the possible imposition of a federal income tax penalty. Prudential will send the appropriate tax information form to you and the IRS and you will be responsible for paying any tax consequences and penalties.

Loan defaults may effect your eligibility for future loans. Pursuant to IRS regulations, the defaulted loan (including interest) remains outstanding for purposes of determining your maximum loan. You may be required to payoff your defaulted loan (including interest) in order to be eligible to initiate another loan.

### Other

**Right of refusal:** In the event you elect to refuse this loan, you have ten (10) business days from the issue date to return the original loan check to Prudential. The full proceeds of the loan will then be reinstated into your account upon receipt of the returned check. The returned proceeds will then be invested as dictated by your current investment election, at current market prices as of the settlement date of such transaction. Please note: By not endorsing this check and refusing this loan, the amount of this check will still be considered a loan for purposes of determining the maximum loan allowed by law for future loans.