

## SOLO 401K PLAN LOAN PROCEDURES

This document contains important information about the procedures for obtaining a loan from the Plan. The following rules shall apply to the loan program:

*Procedure for Applying for a Loan.* If you are an active Participant in a 401kBrokers.com Solo 401k Plan, you may request a loan from the Plan.

*Administration of the Plan Loan Program.* The Plan loan program is administered by the Plan Administrator.

*Promissory Note.* You will be required to sign a promissory note.

*Type and Amount of Loan.* The Plan does not restrict the purposes for which loans may be made. However, the Plan does set maximum and minimum limits on the amount of a loan.

*Maximum Amount of Loan.* A loan cannot be greater than 50% of the vested accrued benefit under the Plan. Additionally, the loan cannot exceed \$50,000, reduced by the excess (if any), of the highest outstanding balance of loans from the Plan during the 12-month period ending on the day before the date a new loan is made, over the outstanding balance of loans from the Plan on the date the new loan is made.

*Roth Contribution Account.* You may receive a loan from your Roth Contribution Account. If the Plan Administrator allows loans from your Roth Contribution Account, the Plan Administrator will specify an ordering rule for loans. The ordering rule will determine whether loans will be made first or last from your Roth Contribution Account or in any combination of your Roth Contribution Account and any other Account.

*Repayment.* Loans must be paid in equal payments over a period not extending beyond five years from the date of the loan, unless such loan is used to acquire a dwelling unit which within a reasonable time (determined at the time the loan is made) will be used as your principal residence. You must repay a loan in accordance with the repayment schedule or you may repay the loan in full. Partial early loan payoffs are not permitted. The loan will become payable in full on your termination of employment.

*Maximum Number of Loans.* The maximum number of loans outstanding at any one time is 2.

*Minimum Loan Amount.* The minimum loan amount is \$1,000.

*Interest Rate.* According to U.S. Department of Labor Regulations, the interest rate for a participant loan from a retirement plan must be comparable to the current interest rates charged by financial institutions for similar loans. This Plan uses the national 5 year

Certificate of deposit (CD) average plus 2% up to the prime interest rate listed in The Wall Street Journal plus 1%.

*Collateral.* Your vested accrued benefit under the Plan will serve as collateral for the loan. However, a maximum of 50% of your vested accrued benefit may be used as collateral.

*Spousal Consent.* If you are married, you must obtain the consent of your spouse before obtaining a loan from the Plan.

*Payments.* Payments will be made through automatic bank draft or an online bill pay service.

*Fees.* The Plan charges a loan processing fee of \$0.

*Default.* Your loan will be in default if a scheduled payment becomes 90 days overdue. Upon default, the entire balance of the loan will be immediately due and entire balance be a treated as a taxable distribution to you. In addition, your vested accrued benefit may be reduced by the amount of the outstanding principal and interest on the loan. In other cases, this offset will not occur until you are entitled to receive benefits (for example, upon your termination of employment).

V3.07-3.07

