

SOLO 401(k) PLAN LOAN REQUEST

Institutional Advisor Services



SECTION 1: PLAN AND PARTICIPANT INFORMATION

A. PLAN INFORMATION

E*TRADE Advisor Services Account Number

Plan Name

B. PARTICIPANT INFORMATION

First Name MI Last Name

Social Security Number Date of Birth

Mailing Address

City State Zip

SECTION 2: PARTICIPANT LOAN DETAILS

IMPORTANT: Please be sure to complete all information requested below.

A. Amount Requested: Select one:

\$ _____

Maximum amount allowable

B. Loan Term: _____ months (up to 60 months, if not your principal residence or 180 months if your principal residence) If longer than 60 months, I hereby certify that I am using this loan to acquire my principal residence as permitted under IRS regulations. I understand that if I have made a false statement, I will be subject to unfavorable tax consequences and penalties.

C. Repayment Frequency: Select one:

Quarterly

Monthly

D. Interest Rate: Prime plus 1 (one) percent

E. Investments to Be Liquidated: Unless your Investment Advisor instructs otherwise, your investments will be liquidated based on your current allocations.

E*TRADE Advisor Services Account Number

SECTION 3: DISBURSEMENT METHOD

Select all that apply:

By wire (Fee may apply) Note: Allow the next business day for wires.

Select one:

Checking account with the bank information below

Savings account with the bank information below

Voided check provided in lieu of bank information

Bank Name

ABA (Routing) Number

Name on Bank Account

Account Number

By check to account owner at the address of record Note: Allow up to 10 business days for delivery. Check Fee may apply.

Select if applicable:

Send check via overnight delivery (not available for a P.O. Box address). Fee may apply.

SECTION 4: ACKNOWLEDGMENT AND SIGNATURE

By signing below, I verify that all information included on this form is correct and hereby request a participant loan as outlined above. I certify that I have read and understand the Solo K Participant Loan Program Policies and Procedures. I also understand that the administrator of the Plan will make any loan in reliance on the statements included in this Loan Request. I agree to indemnify and hold harmless E*TRADE Advisor Services, their successors and assigns, from and against any losses, claims, liabilities, damages, actions, charges, and expenses including attorney fees, resulting from E*TRADE Advisor Services' compliance with this request.

Participant Signature

Date

Print Name

- End of Form -



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General Instructions

Use these instructions to complete the Solo 401(k) Plan Loan Request.

Purpose of this form: Please complete this form to request a participant loan from your Solo 401(k) Plan. Participant loans are authorized in the plan document. Please refer to your Adoption Agreement.

Important: Internal Revenue Service rules and the attached Solo K Participant Loan Program Policies and Procedures govern the terms of participant loans from your Solo 401(k) Plan. Please review these rules prior to completing a loan request. All participant loans must comply with the Solo K Participant Loan Program Policies and Procedures. If you have questions concerning the participant loan terms, including any applicable fees, please contact your Investment Advisor.

You must **complete all required fields** to expedite processing and to avoid requests for additional information.

Print or type all entries: To type entries, a fillable PDF of this form can be found online at www.trustamerica.com/advisor-forms.

Unknown information: If information is requested and you do not know where to obtain the requested information, contact your Investment Advisor or client representative for direction.

Section 1: Plan and Participant Information

A. Plan Information

Please provide your Solo 401(k) account number and the full legal name of the plan from which a loan is requested.

B. Participant Information

Please provide your name, address and other requested information.

Section 2: Participant Loan Details

- A. Amount Requested.** You may request a loan for an amount that complies with IRS limits. Please see Q&A #4 of the Loan Policies and Procedures.
- B. Loan Term.** Insert the number of months over which you will repay the requested loan. Please refer to Q&A #4 for information on loan term limitations. Generally, loans must be repaid over 60 months or less.
- C. Repayment Frequency.** Indicate how often you will make periodic loan repayments.

D. Interest Rate. Per the Solo K Participant Loan Program Policies and Procedures the interest rate for the loan duration will be fixed at prime plus 1% on the date that loan proceeds are paid.

E. Investments to Be Liquidated. To fund the requested loan, your investments will be liquidated based on your current allocations unless your Investment Advisor provides other instructions.

Section 3: Disbursement Method

Select the appropriate disbursement method.

Important: Funds sent overnight via check or wired may be subject to a fee, which will be deducted from your account balance. Your Investment Advisor can provide you with fee information regarding this transaction.

Check either the By Wire or By Check box for the cash disbursement.

- **By wire.** If you select either Checking Account or Savings Account, enter your banking information. If you select the Voided Check Provided box, provide a blank check with this form. *Note: Allow the same or next business day for wires. If the bank account type is not selected, E*TRADE Advisor Services will default to checking account.*
- **By check.** Select the box indicating that the check should be payable to you. If desired, check the box to request overnight delivery. An overnight delivery fee will apply. *Note: Allow 10 business days for delivery of checks via regular mail.*

Section 4: Acknowledgment and Signature

Please sign and date the form.

By signing this document requesting a participant loan, you are verifying that all information contained herein is true and complete. You acknowledge that you have read and agree to the Solo K Participant Loan Program Policies and Procedures. You also agree to indemnify E*TRADE Advisor Services and its affiliates, and to hold them harmless from and against all liability as a result of claims, demands or judgments against them arising from E*TRADE Advisor Services' compliance with this loan request.

Return your completed form as instructed by your Investment Advisor or your client representative. Questions regarding this form should be directed to your Investment Advisor.

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E*TRADE Advisor Services SOLO K PARTICIPANT LOAN PROGRAM

Policies and Procedures

These policies and procedures are prepared pursuant to federal regulations and the relevant provisions of the E*TRADE Advisor Services Defined Contribution Prototype Plan and Trust, as it may be amended from time to time (the "Plan"). An employer who establishes a Solo K plan using the E*TRADE Advisor Services Plan hereby adopts and agrees to administer its loan program in accordance with these policies and procedures as they may be amended from time to time by E*TRADE Advisor Services. A loan granted by the Plan Administrator in violation of the terms of these policies and procedures shall be a prohibited transaction. As defined in the Plan Document: 1.5 "Administrator" means the Employer unless another person or entity has been designated by the Employer pursuant to Section 2.2 to administer the Plan on behalf of the Employer. "Administrator" also includes any Qualified Termination Administrator (QTA) that has assumed the responsibilities of the Administrator in accordance with guidelines set forth by the Department of Labor.

All participant loans must meet the exemption specified in Internal Revenue Code Section 4975(d)(1) as described below:

- Loans must be available to all participants on a reasonably equivalent basis.
- Loans must not be made available to highly compensated employees in an amount greater than the amount made available to other employees.
- Loans must be made in accordance with the specific provisions regarding such loans specified in the Plan, adoption agreement and these policies and procedures.
- Loans must bear a reasonable rate of interest.
- Loans must be adequately secured.

All Solo K participant loans shall be granted or renewed in accordance with the following rules:

1. Who is responsible for administering the participant loan program?

All discretionary decisions concerning the participant loan program shall be made by the employer as Plan Administrator.

2. How to apply for a loan?

A Solo K plan participant may make a loan request by sending an email to E*TRADE Advisor Services or completing an E*TRADE Advisor Services Solo K loan application that includes the following information:

- Amount of loan principal
- Term of loan (repayment period)
- Frequency of payment – monthly, quarterly or more frequently
- Interest rate
- Date funds required
- Investments to be liquidated to fund loan

Upon receipt, E*TRADE Advisor Services will forward the loan request to the employer/Plan Administrator for approval/denial. If a loan is approved by the Plan Administrator, E*TRADE Advisor Services will present the participant with a promissory note which must be signed before loan proceeds are issued. If the employer/Plan Administrator denies a participant loan request, it will advise the participant in writing of the reasons for the denial.

3. What is the basis on which loans will be approved or denied?

Generally, a loan request which meets the requirements of this policy will be approved by the Plan Administrator. However, any participant who has previously defaulted on a participant loan or has had a loan declared a deemed distribution on account of failure to make timely repayment shall not be eligible for a new loan.

4. What are the limitations on the types and amounts of participant loans?

The limitations on the types and amounts of Solo K participant loans are as follows:

- The minimum loan is \$1,000.
- A participant may have only two loans outstanding at any time.
- All loans must be repaid by check.
- A loan may not exceed an amount equal to 50% of the participant's account balance.
- A loan may not exceed \$50,000, minus any principal loan amounts that are outstanding on the date of the loan or at any time during the immediately preceding 12-month period.

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- The amount of the loan, plus interest, will be amortized in level payments of principal and interest over the repayment period. The participant may prepay the entire loan balance plus accrued interest at any time prior to when it is due.
- The loan repayment period shall be for a fixed term of no more than five years. However, if loan proceeds are used to acquire the participant's principal residence, the loan repayment period may be for a fixed period up to fifteen years.
- Reasonable and necessary loan fees will be charged to the account of the participant who has a Solo K loan.
- Only active participants are entitled to maintain participant loans. Upon termination of employment, the participant's unpaid loan balance, including any interest due, will become immediately due and payable.
- A Solo K loan will be considered a participant directed investment.

5. How is the interest rate determined?

Interest will be charged on each loan at the commercially reasonable rate of prime plus 1 (one) percent.

6. What is acceptable collateral for a participant loan?

All Solo K participant loans will be secured by the participant's account(s) under the Solo K Plan.

7. Who is responsible for loan repayments?

A participant receiving a loan from the Solo K plan must make timely repayments in accordance with the promissory note s/he signs. Failure to do so carries significant tax consequences for the participant and the plan, including potential disqualification of the Solo K plan. The Plan Administrator/employer shall be responsible for monitoring Solo K participant loans to assure such participant repayments are timely made and shall notify E*TRADE Advisor Services of any potential loan default. E*TRADE Savings Bank and its affiliates ("E*TRADE") do not warrant these products, services and publications against different interpretations or subsequent changes of laws, regulations and rulings. E*TRADE does not provide legal, accounting, or tax advice. Always consult your own legal, accounting, and tax advisors.

8. What are the events constituting loan default?

Events of loan default include the following:

- The participant's failure to make prompt and timely payment under the promissory note.
- Termination of the Solo K plan.
- Termination of the participant's employment for any reason, including death.

9. What steps will be taken in the event of default?

Any defaulted participant loans will be handled in accordance with Internal Revenue Service guidelines. The Plan Administrator/employer will direct E*TRADE Advisor Services as to participant loan defaults and will be responsible for determining whether any loan defaults or any defects should be corrected through the IRS Voluntary Correction Program ("VCP").