Wespath
BENEFITS | INVESTMENTS

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wespath.org

Hardship Loan Terms and Conditions—Personal Investment Plan (PIP)

1. Loans are available to all active and retired participants in PIP.
2. Loans from PIP are available only for the following reasons:
   - Unreimbursed medical expenses which are discussed in Internal Revenue Code (Code) section 213(d) for yourself, your spouse, your dependents or your PIP primary beneficiary
   - Purchase of a residence for yourself (excluding mortgage payments)
   - Tuition or educational fees (including room and board) for up to the next 12 months of post-secondary education for you, your spouse, your dependents or your PIP primary beneficiary
   - Prevention of foreclosure on a mortgage and/or eviction from your principal residence
   - Repair of damage to your principal residence that would qualify as an income tax casualty deduction
   - Funeral and burial expenses for your deceased parent, spouse, child, dependent or PIP primary beneficiary
   - Expenses due to declared disasters
   - Other severe financial hardship
3. Loans must be repaid over one to five years or one to 15 years for primary residential loans.
4. The interest rate will be the prime rate plus 2%. The interest rate in effect at the time the loan is established will be in effect over the full term of the loan.
5. Clergy appointed to conference responsible entities may have only one outstanding loan at a time. Other clergy and lay employees may have only one outstanding loan at a time from each PIP plan sponsor.
6. The minimum loan amount is $1,000.
7. The maximum loan amount is based on the participant's vested account balance excluding any Qualified Voluntary Employee Contribution (QVEC) account balance. The maximum loan amount is the lesser of: 1) 50% of the eligible vested account balance, 2) for active participants, the total amount in the participant's personal accounts (before-tax, Roth, after-tax and rollover) or 3) $50,000 less the participant's highest outstanding PIP loan balance during the preceding 12 months. The final loan amount will be rounded down to the nearest $100. If the result is less than $1,000, you are not eligible for a loan.
8. If you experience an investment loss on your PIP account, the full loan amount you are requesting may not be available when your loan is processed due to the minimum account balance loan rules outlined in #7 above. If the value of your PIP account declines so that the amount available for a loan is less than the amount you have requested, Wespath Benefits and Investments (Wespath) will reduce your loan amount to the maximum available under the plan.
9. The loan package provided to you by Wespath will be valid for 30 days from the date of the loan application. If you have not returned the loan application within the 30 days, the application and documentation are invalid, and the loan process must begin again. Participants may not alter loan applications or other documentation provided by Wespath. Alteration of the application or documents invalidates those documents, and the loan application process must begin again. For your protection, your bank account will be verified before the loan distribution is released.
10. A non-refundable $50 processing fee will be deducted from your PIP account balance when your loan is disbursed.
11. By accepting the loan amount, you are agreeing to repay the loan principal and interest according to the terms of the loan.
12. Loan repayments will be made by electronic funds transfer (EFT) from your account with a financial institution. Establishment of a verified account capable of such transactions is a condition of loan approval. Loan repayments will be debited from your bank account on the 20th day of each month and deposited to your PIP account after Wespath verifies that your debit has cleared. Repayment must continue via EFT for the duration of the loan. The first loan repayment will be due on the 20th of the month after the month in which the loan was issued. In the event of

non-sufficient funds, two subsequent attempts to debit your account will occur prior to the next monthly scheduled payment. Any banking fees incurred from your financial institution for non-sufficient funds will be recovered at your own expense. Loan repayments will be invested according to your investment allocation on file or your LifeStage Investment Management Service target allocation.

13. There is no penalty for pre-payment of a loan. Wespath will accept partial pre-payments and will apply them to the outstanding principal. However, Wespath will not recalculate loan interest based on the reduced outstanding principal amount. Partial pre-payments allow you to pay off the loan sooner, thus reducing the amount of interest you pay over the term of the loan by shortening the length of the repayment period.
14. You may pay off your loan at any time. PIP does not allow refinancing of a loan. If you pay off a loan, the amount available for a new loan may be limited. See #7 on the previous page. Contact Wespath at **1-800-851-2201** to obtain the loan payoff amount and, if applicable, the maximum amount available for a new loan.
15. If you take a leave of absence while you have an outstanding loan balance, you may request that loan repayments be suspended for up to 12 months from the date of the leave of absence, provided you will not earn enough compensation to make the payment. However, during this suspension period, interest will continue to accrue. You may elect to continue repayments:
    - by maintaining the original loan amortization schedule with a balloon payment at the end of the loan's term, or
    - by re-amortizing the loan when payments resume over the remaining term of the loan.

    For participants on a military leave of absence, the interest rate for existing loans cannot exceed 6% for the time period while on the military leave of absence. To qualify for the adjusted 6% interest rate, participants must provide Wespath with the *Military Leave Notification Form* (signed by your plan sponsor), a copy of the military orders and any orders further extending military service, not later than 180 days after the date of the participant's termination or release from military service. The participant can request to suspend loan repayments during the period of the military leave of absence.

    Upon return from the military leave, loan repayments must resume. The interest rate of the loan will be readjusted to the original interest rate of the loan before the military leave. The participant will be given a choice of repayment; the remaining balance can be paid in the same monthly amounts as the repayment amounts before the military leave with a balloon payment at the end of the original loan term or the monthly payments can be extended so that the loan is repaid in equal monthly repayments by the end of the new loan term. The loan must be repaid by the end of this readjusted term.
16. If you are an active participant and you retire or terminate employment, loan repayments may continue, provided the EFT capability remains in effect and you do not take a full distribution of your PIP account. However, if your PIP account balance is subject to automatic distribution or automatic rollover upon termination or retirement, or you take a full distribution of your PIP account, the outstanding loan including accrued interest becomes immediately due and payable.
17. In the event of an active or retired participant's death during the repayment term of a loan, the outstanding loan becomes immediately due and payable. However, if a spouse survives the participant, the spouse may elect to continue to repay the loan, provided he or she continues to make EFT available to repay the loan.
18. Your loan will be defaulted if you fail to remit payments under the terms of the loan when due. If you miss a payment, you must repay it by the end of the second month of the quarter following the quarter in which the payment was due to avoid default. If you miss more than one payment, all outstanding payments from both the current and prior quarter must be repaid by the end of the second month of the quarter following the quarter in which the first missed payment was due. In the event of default, the outstanding loan balance plus any overdue interest will be reported to the IRS as a distribution. Outstanding loan amounts that represent earnings from a Roth account will be taxable, even if you would otherwise meet the requirements for a tax-free qualified distribution from a Roth account. A *Form 1099-R* will be issued to you, and you will be responsible for paying applicable taxes, including any penalties that may apply.

    Missed or late payments should be made by check. Upon request, Wespath will also process a special EFT debit. Loan repayments are always applied to the oldest outstanding payment due. Therefore, your account will continue to be at risk for default until all payments are made—including all missed or late payments.
19. In the event of a loan default resulting in a taxable event, you will be ineligible to receive future loans from PIP at that plan sponsor.
20. If you take action to eliminate the EFT capability, the outstanding loan including accrued interest becomes immediately due and payable.