

**Wellington Retirement Solutions, Inc.**  
**PARTICIPANT 401(K) LOAN APPLICATION**

**Instructions:** Send a copy of your completed form to the Plan Sponsor for authorization.

**Online Loan Application:** You may apply for a new loan online at [www.wellingtonhq.com](http://www.wellingtonhq.com) (not available for refinancing).

**Questions?** Contact Wellington at (800) 203-2670 or [help@wellington401k.com](mailto:help@wellington401k.com).

**Step 1: Participant Information**

Plan Sponsor (Company Name): \_\_\_\_\_

Your Name: \_\_\_\_\_ Social Security #: \_\_\_\_\_

Address Line 1: \_\_\_\_\_ Date of Birth: \_\_\_\_\_

Address Line 2: \_\_\_\_\_ Phone Number: \_\_\_\_\_

City: \_\_\_\_\_ E-Mail Address: \_\_\_\_\_

State: \_\_\_\_\_ Zip: \_\_\_\_\_ Marital Status:  Single  Married

**Promissory Note:** Your Promissory Note and Amortization Schedule will be sent to the email address provided in Step 1. You will be required to sign & return a copy of your Promissory Note before your check can be issued.

**Loan Limits:** Minimum Loan Amount: \$1,000 | Maximum Loan Amount: 50% of your vested account balance, up to \$50,000. Refer to "Amount of Loan" on Page 2 for additional information on Participant Loan limitations.

**Loan Origination:** A \$65 loan origination fee applies to all loans.

**Step 2: Type & Amount of Loan**

New Loan - OR -  Refinance Existing Loan (Skip Step 3)

Specify a Loan Amount\*: \$ \_\_\_\_\_ - OR -  Maximum amount available (Wellington will determine the maximum on your behalf as of the date the application is received.)

\*Your check amount will be the *Loan Amount* minus the \$65 loan origination fee.

**Step 3: Repayment Period (Skip this step if you are refinancing an existing loan)**

The repayment period cannot exceed five (5) years, unless you will use the loan proceeds to purchase a Principle Residence. Principle Residence loans extend the maximum repayment period to 15 years.

Enter Number of Years (Between 1 and 15): \_\_\_\_\_

**If you enter more than five (5) years then you must provide a copy of the sales contract for your Principle Residence.**

**Step 4: Short-Term Redemption Policy (Optional)**

Schwab's Short-Term Redemption Fee (STRF) applies to the sale of mutual fund shares that were purchased within the last 90 days. Your mutual fund investments may have an additional Contingent Redemption Fee for funds sold within their designated timeframe. Contact the Charles Schwab PCRA hotline at (888) 393-7272 to determine if your account is subject to any redemption fees. Visit [http://www.schwab.com/public/schwab/investing/accounts\\_products/investment/mutual\\_funds](http://www.schwab.com/public/schwab/investing/accounts_products/investment/mutual_funds) for more information.

(Optional) DELAY PROCESSING MY LOAN until all STRF have expired. (This may delay processing by up to 90 days.)

**Step 5: Participant & Plan Sponsor Authorization**

My signature acknowledges that I have read, understand and agree to the terms & conditions of this Loan Application. I affirm that all information that I provided is true and correct. I certify that the amount requested does not exceed the allowable amount described on Page 2. I understand that payments are made via payroll deduction and are due according to the amortization schedule that I receive.

Participant Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**PLAN SPONSOR AUTHORIZATION**

My signature acknowledges that I approve this loan request for the above-named plan participant.

Signature of Plan Representative: \_\_\_\_\_ Date: \_\_\_\_\_

Printed Name of Representative: \_\_\_\_\_

**PLAN SPONSOR:** Submit the form & documentation to Wellington through any of these options: Upload to [www.wellingtonhq.com](http://www.wellingtonhq.com) Email to [administration@wellington401k.com](mailto:administration@wellington401k.com) | Fax to (703) 802-2317 | Mail to 14325 Willard Road, Suite 104, Chantilly, VA 20151.

## PARTICIPANT LOAN TERMS & CONDITIONS - PLEASE READ CAREFULLY

**Cost:** A loan origination fee of \$65 will be deducted from the approved loan amount. In addition to the origination fee, an annual loan maintenance fee of \$65 may be charged to your account.

**Amount of Loan:** You must have a vested account balance of at least \$2,000 to qualify for a Participant Loan. The minimum Participant Loan amount is \$1,000. If you have never taken a Participant Loan, then your maximum loan amount is the lesser of 50% of your vested account balance or \$50,000. If you previously borrowed from your 401(k), then your maximum is reduced by your highest balance of all loans for the 12-month period ending on the day before the date the loan is made. Refer to your Plan Loan Policy for additional details.

**Source and Application of Funds:** Loan disbursements are made on a prorated basis from each of your current investment options and contribution sources, or Wellington may decide which funds to liquidate to fund the loan proceeds.

**Eligibility:** You must be actively employed to take a loan. Note that if you file bankruptcy, the bankruptcy court may prohibit the plan from processing your repayments through payroll deduction.

**Interest Rate Determination:** The interest rate is based on the designated rate for your retirement Plan, and such rate is fixed for the life of the loan. Typically, the interest rate is the current Prime Rate + 2%. Refer to your Plan Loan Policy for additional details.

**Repayment:** Payments are made through a payroll deduction. Wellington will send a notice to your employer at the time your loan is made indicating the dollar amount that your employer must begin deducting from your paycheck based on your company's payroll frequency. Refer to your Promissory Note and/or amortization schedule for information for the amount and due date of each payment. It is entirely your responsibility to ensure that timely loan repayments are being remitted to Wellington by your employer's payroll department to avoid the tax consequences associated with a defaulted Plan loan. Principal repayments and interest payments shall be reinvested in your account in accordance with your investment election in effect at the time the payments are received by Wellington.

**Default:** If the sum of all loan payments due in a calendar quarter is not made and payment is not received by the end of the following calendar quarter, pursuant to Internal Revenue Code rules and regulations, the loan will be in default and the entire outstanding loan balance, including accrued but unpaid interest, shall be deemed distributed and will be tax reported to you. This entire amount must be included in your gross income in the calendar year of default. An IRS premature withdrawal penalty may also apply. Borrowers who default on a loan from the Plan may be prohibited from obtaining future loans from the Plan.

**Prepayment:** Prepayment in multiples of the repayment amount or in full may be made no earlier than the next loan payment due date. There is no penalty for making early payments or repaying the loan in full before the scheduled final payment date. Arrangements for a full payment must be made by contacting Wellington for a prepayment figure no more than two weeks before the final scheduled payment.

**Full Distributions:** Before a full distribution can be processed, you must have experienced a distributable event and elect to treat the loan as a taxable distribution. All outstanding loan principal and accrued interest shall be treated as a distribution from the Plan on the date of death. The loan cannot be transferred to, or assumed by, your beneficiary. In addition, the amount of the outstanding loan will be tax reported as a distribution to you or your estate, as applicable.

**Hold Harmless:** Wellington Retirement Solutions, Inc. accepts no responsibility for any adverse tax consequences to you resulting from your failure to adhere to the terms of this agreement and all applicable federal and state loan laws, and you hereby hold Wellington harmless from any claim, of whatever nature, from yourself, your creditors, your family, your heirs, successors and assigns in connection with this agreement.

**Important:** In the event of any discrepancies in these Terms & Conditions, the official Plan Document will govern. Please consult your Loan Policy and/or Summary Plan Description (SPD) for more details regarding your company's retirement plan.

### FOR MORE INFORMATION

You may wish to consult with the Plan administrator or payor, or a professional tax advisor, before taking a payment from the Plan. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in: IRS Publication 575, Pension and Annuity Income; IRS Publication 590, Individual Retirement Arrangements (IRAs); and IRS Publication 571, Tax-Sheltered Annuity Plans (403(b) Plans). These publications are available from a local IRS office, on the web at [www.irs.gov](http://www.irs.gov), or by calling 1-800-TAX-FORM.