

Unitarian Universalist Organizations Retirement Plan
November 1993

Loan Procedures

*With Changes as Approved by the
Compensation, Benefits and Pension Committee
April 5, 2002, and September 27, 2005, and March 29, 2007*

Participants in the Unitarian Universalist Organizations Retirement Plan (the "Plan") may borrow from the Plan subject to certain rules and procedures that are set out in the Plan document and in these "Loan Procedures" which have been adopted by UUA Board and which are considered part of the Plan.

1. Administration of the Loan Program. The participant loan program is administered by the Administrator, who assists the Pension Committee under the Plan with the administration of the Plan. At the current time the Administrator is the Treasurer of the UUA.
2. Procedural steps for obtaining a Loan. In order to obtain a loan from the Plan, a Participant should call the Office of Church Staff Finances at (617) 948-6421 to determine the approximate amount of funds available for a loan and to obtain the loan documents to be completed. The loan documents must be given to the Administrator at least two weeks prior to the loan's proposed closing date. The loan application must be sent to Fidelity for processing.

The Administrator generally will consider the approval of loans upon receipt of satisfactorily completed loan documents and payment of the loan fee, if applicable. The Administrator reserves the right to deny a loan if, for example, he is not satisfied that the Participant will be able to repay the loan.

3. Purposes for Loans. At the present time, loans may be taken only for the following reasons:
 1. To pay expenses resulting from an extraordinary medical emergency of the Participant, his or her spouse, children or dependents; or
 2. To pay for the purchase of a primary residence for the Participant; or
 3. To pay for educational expenses for the Participant, his or her spouse, children or dependents
4. Permissible Loan Amount. The maximum amount that a Participant may borrow from the Plan, may not exceed the lesser of:
 - a) one-half of the Participant's Accounts in the Plan (the "Accounts"), or
 - b) \$50,000 (reduced by the amount, if any, by which the highest outstanding balance of all plan loans from the Plan and all qualified plans maintained by the Affiliated Employers during the prior twelve months ending on the day before the loan is made exceeds the amount outstanding on the date of the proposed loan).
5. Minimum Amount. The minimum amount that a Participant may borrow from the Plan is \$1,000. A Participant may only have one loan from the Plan outstanding at any time.

6. Security required for a Loan. A loan from the Plan must be secured by the Participant's interest in the Plan.
7. Interest Rate. The interest rate for all loans under the Plan has been set by the Administrator at the current interest rate of a 10-year Treasury Note determined as of the date of application for the loan, plus two percentage points. This interest rate charged on new loans may be changed from time to time by the Administrator.
8. Source of Funds for a Loan. The funds held in the Participant's Employer Contribution Account in the Plan will be used for the loan. The Participant's investments in such Account will be liquidated on a *pro rata* basis for this purpose. The Note evidencing the loan is treated as an asset of the Participant's Accounts in the Plan until the loan is repaid.
9. Repayment Terms. Loans must be repaid within five years after the date of the loan, unless the loan is for the purchase of a primary residence for the Participant. (A loan for the purchase of a primary residence must be repaid within ten years after the date of the loan.) Loans must be repaid on a basis coincident with the payroll cycle, but not less than monthly, in equal installments over the term of the loan, through deductions from the Participant's regular pay, or monthly by check if the Participant is disabled, or on an approved leave of absence of no longer than a year, or otherwise is currently paid through a payroll system. The regular payment amount is the amount necessary to pay interest and to amortize principal in equal payments over the term of the loan. All payments of principal and interest are allocated to the Participant's Accounts in the Plan and invested as the Participant directs among the investments permitted under the Plan.

If a Participant leaves the employ of one Affiliated Employer, he or she may continue to make loan repayments monthly by check until employed by another Affiliated Employer provided such period does not extend more than twelve months. If the participant is re-employed by another Affiliated Employer within the twelve-month period, he or she must have the new Affiliated Employer agree to have loan repayments made by payroll deductions or the loan will become due and payable. If the participant is not re-employed at the end of the twelve-month period by an Affiliated Employer or if the Affiliated Employer refuses to allow the loan repayments by payroll deduction, all amounts outstanding on the Participant's loan will become due and payable and must be repaid at that time.

If any of the amounts that are due and payable as described above are not repaid, any distributions of the Participant's Accounts will include the note representing the unpaid loan and the balance of his or her Accounts in cash. The Participant will be treated as having a taxable distribution equal to the cash received and the value of the unpaid loan.

10. Events of Default. The Administrator may declare the loan to be in default, by giving the Participant 14-days' notice of the default, if any of the following occur:
 - a) Failure to make principal or interest payments not less frequently than quarterly.
 - b) Separation of service from all Affiliated Employers in accordance with the terms of the Plan.
 - c) Death of the Participant.
 - d) Involvement by the Participant as debtor in any bankruptcy proceeding or assignment for the benefit of the creditors.

After the Administrator declares default, and the Participant fails to remedy the default, the principal of the loan and all unpaid interest will be immediately due and payable, and be treated as a taxable distribution, and in some cases a premature distribution. The Administrator may exercise his rights with respect to any security but will not foreclose on the Participant's

Accounts under Plan if to do so would cause a distribution from such Plan prior to the time a distribution can properly be made to the Participant from such Plan. Such foreclosure may result in taxable income to the Participant and, in some cases, a penalty for premature distribution.

11. Expenses. The loan fee is currently \$35, and may be changed from time to time. There will also be small administrative fees charged. All fees will be disclosed by Fidelity prior to the issuance of a loan.
12. Formal Requirements. All loans from the Plan must be evidenced by the following documents:
 - a) Promissory Note. A Secured Installment Loan Note must be signed by the Participant as borrower. This Note includes the Participant's promise to repay the loan, the term of the loan, the interest rate, the terms of repayment and description of the security and of the events of the default.
 - b) Spousal Consent. If married, the Participant must obtain his or her spouse's consent to the pledging of the Participant's Accounts under the Plan as collateral for the loan.
 - c) Truth in Lending Disclosures. In certain circumstances, the Administrator is required to give the Participant a Truth in Lending Disclosure showing the average percentage interest rate and certain other information required by law.
 - d) Affidavit of Extraordinary Medical Emergency. The Participant must file an affidavit with the Administrator certifying to the extraordinary medical emergency that necessitates the loan.
 - e) Agreement with Employer Concerning Payroll Deduction. The Participant must file with the Administrator an agreement signed by the Participant authorizing the deduction from his or her pay the amounts required for repayment of the loan, and by the Participant's Employer agreement to deduct such amounts and to forward them to the Administrator to be applied to the loan.
13. Tax Reports and Deductibility of Interest Payments. Interest on a Plan loan secured by Plan Accounts does not qualify for a federal income tax deduction.

UU Organizations Retirement Plan Loan Procedure When Used For Home Purchase or Educational Expenses:

1. Obtain loan documents and application from Retirement Plan Specialist, (acting on behalf of Plan Administrator), at the Office of Church Staff Finances. Joyce Stewart is the current Retirement Plan Specialist and can be reached at jstewart@uua.org or (617) 948-6421.
2. Complete Fidelity forms:
 - a. "Loan Application"
 - b. "Electronic Loan Payment Authorization Form"
3. Return the following documents to Retirement Plan Specialist, Office of Church Staff Finances:
 - a. Fidelity Loan Application
 - b. Fidelity Electronic Loan Payment Authorization Form

- c. Copy of “Purchase and Sale”, or “Offer to Buy” or other supporting documentation, with proposed closing date when the loan is to be used for purchasing a home; or
 - d. Copy of proof of enrollment or acceptance into an educational program, when the loan is to be used for educational expenses.
4. Retirement Plan Specialist will review documents, and approve (on behalf of Plan Administrator); or will request additional information as needed from plan participant requesting loan in order to approve.
 5. Retirement Plan Specialist will send approved loan application to Fidelity for processing.
 6. Please allow 10 business days for receipt of check. Sometimes, it comes sooner, but please plan for 10 days.