



# BEN CAPITAL FUNDING

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## LOAN PROCESS AND GUIDELINE

This document is prepared pursuant to DOL Reg. §2550.408b-1(d) and the relevant provisions of the Plan and will, upon adoption by Ben capital funding. Ben capital funding specifically reserves the right to amend these policies and procedures from time to time. If a loan is granted in violation of the terms of these policies and procedures, such loan will be a prohibited transaction. However, issuing loans not in accordance with these procedures is not deemed to be a failure to follow the terms of the Plan.

- **NO PARTICIPANT LOAN WILL BE MADE FROM THE PLAN IF IT WOULD CONSTITUTE A PROHIBITED TRANSACTION AS DEFINED IN BEN LOAN SERVICES. §406(a)(1)(A) or IRC §4975**

Accordingly, all loans must meet the exemption specified in Ben capital funding §408(b)(1), IRC §4975(d)(1) and the following as more fully described in the DOL Loan Regulations:

1. Loans must be available to all participants on a reasonably equivalent basis.
  2. Loans must not be made available to highly compensated employees in an amount greater than the amount made available to other employees.
  3. Loans must be made in accordance with the specific provisions regarding such loans specified in the Plan and these policies and procedures.
  4. Loans must bear a reasonable rate of interest.
  5. Loans must be adequately secured.
- **ALL LOANS GRANTED OR RENEWED HERE UNDER SHALL BE MADE IN ACCORDANCE WITH THE FOLLOWING RULES:**
    - A. Who is Responsible for the Participant Loan Program? All discretionary decisions concerning participant's loans shall be made by Ben Capital Funding. All questions about the program or any request for a Loan should be directed to Ben Capital Funding
    - B. How to Apply for a Loan: Any Participant who has a vested benefit under the Plan and who is, as described below, eligible for a loan may make a request therefore to Ben Capital Funding using the loan application form supplied by Ben Capital Funding.

Ben Capital Funding will generally approve or deny the application for a participant loan within 2 business days. If it approves a loan request, Ben Capital Funding will present the participant with a promissory note which must be signed. If Ben Capital Funding must deny a request, it will advise the participant of the reasons for the denial in writing.



- C. Basis for Loan Approval: Generally, a loan request by a participant which meets the requirements set forth in this document will be approved. However, in determining whether to approve a loan request, Ben Capital Funding may consider, in a uniform and nondiscriminatory manner, any reasonable factors which it deems relevant. Normally, any participant who has defaulted on a previous participant loan or who has had a previous loan declared to be a deemed distribution on account of failure to timely repay a loan in accordance with its terms will not be eligible for a new loan. In addition, a loan request made during the time a decision concerning a domestic relations order is pending shall be delayed until after such decision is final.
- D. Limitations on the types and amount of Participant Loans:
1. The minimum loan is \$5,000.00 {Five Thousands dollar}
  2. A loan may not exceed an amount equal to 100% of the participant's vested balance in his elective contribution account.
  3. A loan may not exceed \$200,000,000.00 {Two hundred Million dollar} minus any principal loan amounts that were outstanding on the date of the loan, or at any time during the immediately preceding 24-month period (and no loan will be granted if any principal or interest payment, or both, is in default on a prior loan).
  4. The amount of the loan, plus interest, will be amortized over the repayment period. This means that payments will be level throughout the repayment period, and each payment will include both principal and interest. The participant may prepay all or any part of the loan prior to the date it is due.
  5. The repayment period shall be for a fixed term of no more than Ten years. However, if the loan proceeds are used to acquire a principal residence of the participant, the loan repayment period may be for a period of up to thirty years.
  6. At the discretion of Ben Capital Funding, loan repayments shall be made at any interval not less often than once per quarter.
  7. Reasonable and necessary fees and expenses incurred by the Plan in originating the loan shall be charged against the participant's elective contribution account in the Plan.
- E. Interest Rate: Interest will be charged on each loan at a commercially reasonable rate. Ben Capital Funding has initially determined that the prime rate charged by the Borrower bank is a commercially reasonable rate. Ben Capital Funding will re-examine this decision quarterly.
- F. Collateral: All loans under the Plan will be secured by at least 95% of the participant's vested benefit under the Plan measured at the time the loan is granted. All participant loans will be established as an individually directed investment of the elective contribution account of the borrower. Or pay up 10% amount of the total loan.



- G. Default Procedures: Each of the following shall be considered an event of default, the consequences of which are explained below:
1. Any failure to make timely payment of principal and interest, if such failure remains uncorrected on the last day of the calendar quarter following the calendar quarter in which the failure occurred ("cure period").
- H. Consequences of Default:
1. If the default is a failure to make timely payment, Ben Capital Funding shall give notice to the borrower to correct the default within the cure period. If the borrower fails to make timely correction, then the Employer shall foreclose on the borrower's benefit(s) which secures the loan in accordance with the following:
    - a. If at the end of the cure period, the borrower is entitled to a distribution from the Plan, either because of termination of employment with Ben Capital Funding or an in-service distribution after attainment of age 59½, the unpaid balance of principal and interest of the delinquent loan shall be offset against the borrower's benefit(s) and constitute an in-service distribution.
    - b. If at the end of the cure period, the borrower has not incurred a distribution event, then the offset procedure set forth above shall not be instituted and no further action shall be taken with respect thereto until the borrower has attained age 59½, terminated service, died, or has any other distributable event under the terms of the Plan. At that time the borrower's account(s) shall be offset and foreclosure of the loan deemed completed.
  2. If a borrower's loan fails to meet the requirements specified in IRC §72(p), then such loan shall become a deemed distribution. This normally will occur when a borrower's loan is not repaid in accordance with its terms and it is not possible to foreclose on the security as described above. If this occurs, then immediately following the end of the cure period, the outstanding balance of the loan shall become taxable as if it had been distributed, and a Form 1099-R will be issued by the Employer to the borrower.
  3. If the default is as the result of termination of employment, then the borrower will be given the opportunity to repay the loan in full. If such repayment is not forthcoming within a period determined by Ben Capital Funding, then the outstanding balance of the loan shall become taxable as if it had been distributed, and a Form 1099-R will be issued by Ben Capital Funding to the borrower.

- **ALLOCATION OF DUTIES CONCERNING PARTICIPANT LOANS BETWEEN THE ADMINISTRATOR AND THE TRUSTEE OF THE PLAN SHALL GENERALLY BE DIVIDED AS FOLLOWS:**



- A. Ben Capital Funding shall have sole responsibility for both the discretionary and administrative tasks necessary to establish and maintain participant loans under the Plan. Ben Capital Funding shall perform all tasks regarding participant loans except those specifically listed below as the duties of the trustee.
- B. The trustee shall have no fiduciary duties concerning participant loans except as follows:
1. The trustee shall record in the trust records each participant's promissory note as an asset of the Plan and maintain custody thereof.
  2. The trustee shall receive and process all payments on the loan deposited with the trustee by the Administrator and maintain records of payment as appropriate.
  3. If payments are not timely transmitted to the trust notice thereof to the Administrator and the participant involved.
  4. The trustee will do any other task specifically delegated in writing to the trustee by the Administrator and accepted in writing by the trustee.

**ONCE ALL THE WAY OF PROCESS:**

1. Once the loan application form as been filled out the company financial account, we get back to you with the loan repayment terms.

Sincerely,

  
**BENSON HAMZAR**

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*Chief Executive Officer*  
BEN CAPITAL FUNDING