SAINT PAUL PUBLIC SCHOOLS 403(B) RETIREMENT SAVINGS PLAN

PARTICIPANT LOAN POLICY

Saint Paul Public Schools 403(b) Retirement Savings Plan permits loans to be made to participants, their beneficiaries, and alternate payees pursuant to a written loan policy. All references to participants in this loan policy include participants and their beneficiaries or any alternate payee with respect to the Plan

The Third Party Administrator ("TPA") is authorized to administer the Participant Loan Policy. A participant must apply to the TPA for a loan in the manner set forth:.

1. **Loan Application.** Any participant may apply for a loan from the Plan. A participant must apply for each loan with an application which specifies the investment provider, amount of the loan desired, and the requested duration for the loan.

   All loan applications will be considered by the TPA within a reasonable time after the participant makes formal application.

2. **Loan Limitations and rules.** The TPA will not approve any loan to a participant that is (1) the greater of $10,000 or 50% of your vested balance or, (2) $50,000, whichever is less. The maximum aggregate dollar amount of loans outstanding to any participant may not exceed $50,000, reduced by the excess of the participant's highest outstanding participant loan balance during the 12-month period ending on the date of the loan over the participant's current outstanding participant loan balance on the date of the loan. Regarding any loan made pursuant to this program, the following rule(s) and limitation(s) will apply, in addition to such other requirements set forth in the Plan:

   - No loan in an amount less than that permitted by the investment provider will be granted to any participant.
   - A participant can only have as many loans outstanding as permitted by the investment provider.
   - Loan refinancing is permitted. In this case, the refinanced loan, for purposes of applying the Plan's limit on the number of loans, is treated as the same loan as the loan being refinanced.
   - Loans will be permitted for any purpose.
   - Loans will be made from the investment provider and the account(s) the participant chooses.

3. **Evidence and terms of loan.** The investment provider will be responsible for documenting every loan in the form of a promissory note signed by the participant for the face amount of the loan, together with a commercially reasonable rate of interest.

   Any loan granted or renewed under this policy will bear an interest rate equal that will be set forth by the investment provider.

   The loan must provide at least quarterly payments under a level amortization schedule. The Plan will require the participant receiving a loan to enter into an agreement for ACH payments to repay the loan.

   The investment provider will fix the term for repayment of any loan, however, in no instance may the term of repayment be greater than five years, unless the loan qualifies as a home loan. A "home loan" is a loan used to acquire a dwelling unit which, within a reasonable time, the participant will use as a principal residence. The term for a home loan will be up to 30 years.

   A loan, if not otherwise due and payable, is due and payable on termination of the Plan, notwithstanding any contrary provision in the promissory note. Nothing in this loan policy restricts the Employer's right to terminate the Plan at any time.

   Participants should note the law treats the amount of any loan (other than a "home loan") not repaid five years after the date of the loan as a taxable distribution on the last day of the five year period or, if sooner, at the time the loan is in default. If a participant extends a non-home loan having a five year or less repayment term beyond five years, the balance of the loan at the time of the extension is a taxable distribution to the participant.

4. **Security for loan.** The Plan will require that adequate security be provided by the participant before a loan is granted. For this purpose, the Plan will consider a participant's interest under the Plan (account balance) to be adequate security. Generally, it will be the policy of the Plan not to make loans which require security other than the participant's vested interest in the Plan. However, if additional security is necessary to adequately secure the loan, then the Plan Administrator will require that such security be provided before the loan will be granted.

5. **Form of Pledge**. The pledge and assignment of a participant's account balances will be in the form prescribed by the Plan Administrator.

6. **Military Service**. If a participant separates from service (or takes a leave of absence) from the Employer because of service in the military and does not receive a distribution of his or her account balances, the Plan will allow the participant to suspend loan repayments until the participant's completion of military service. The Employer will provide the participant with

a written explanation of the effect of the participant's military service upon his or her Plan loan. While the participant is on active duty in the United States military, the interest rate on the loan will not exceed six percent (6%), compounded annually.

7. **Payments after leave of absence.** When payments resume following a payment suspension in connection with a leave of absence authorized above, the participant will select one of the following methods to repay the loan, plus accumulated interest:

   - The participant will increase the amount of the required installments to an amount sufficient to amortize the remaining balance of the loan, plus accrued interest, over the remaining term of the loan.

   - The participant will pay a balloon payment of the remaining unpaid principal and interest, at the conclusion of the term of the loan as determined in the promissory note.

   - The participant may extend the maturity of the loan and re-amortize the payments over the remaining term of the loan. In no event will the amount of the adjusted installment payment be less than the amount of the installment payment provided under the promissory note. In the case of a non-military leave of absence, the revised term of the loan will not exceed the maximum term permitted above. In the case of a military leave of absence, the revised term of the loan will not exceed the maximum term permitted above, augmented by the time the participant was actually in United States military service.

8. **Default.** The TPA will treat a loan as in default if:

   - Any scheduled payment remains unpaid beyond the last day of the calendar quarter following the calendar quarter in which the participant missed the scheduled payment

   Upon default, the participant will have the opportunity to repay the loan, resume current status of the loan by paying any missed payment plus interest or, if distribution is available under the Plan, request distribution of the note. If the loan remains in default, the investment provider may offset the participant's vested account balance by the outstanding balance of the loan to the extent permitted by law. The TPA will treat the note as repaid to the extent of any permissible offset. Pending final disposition of the note, the participant remains obligated for any unpaid principal and accrued interest.

   If the participant is currently or has ever defaulted on a loan that has not been brought back into good order from this Plan or any other plan of the Employer, the participant may not have an additional loan from this Plan.

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ADOPTION OF PARTICIPANT LOAN POLICY

The Plan adopts this Participant Loan Policy on the date specified below.

Date: 03/03/2020

By: Kenyatta McCarty
Kenyatta McCarty (Mar 3, 2020)
Plan Administrator