

THE ARCHDIOCESAN EMPLOYEES SAVINGS AND THRIFT PLAN

PARTICIPANT LOAN POLICY

The Archdiocesan Employees Savings and Thrift Plan permits loans to be made to Participants, but not to Participants whose employment has terminated or who are Beneficiaries or an alternate payee under a Qualified Domestic Relations Order (QDRO), pursuant to a written loan policy. All references to Participants in this loan policy include Participants with respect to the Plan who are not Beneficiaries or an alternate payee under a Qualified Domestic Relations Order (QDRO), provided that the borrower must qualify as a "party in interest" as defined by ERISA Section 3(14), but not Participants whose employment has terminated. All current employees of the Employer and certain former Employees qualify as parties in interest.

The Plan Administrator is authorized to administer the Participant loan policy. A Participant must apply to the Plan Administrator for a loan in the manner set forth by the Plan Administrator.

1. LOAN APPLICATION/BORROWER QUALIFICATION. Any Participant may apply for a loan from the Plan.

All loan applications will be considered by the Plan Administrator within a reasonable time after the Participant makes formal application in accordance with elections made by the Plan Sponsor in the Administrative Services Agreement between the Plan Sponsor and the service provider ("Prudential") as follows:

If the Loan Initiation Outsourcing Service has been selected, a Participant may apply for a loan by submitting a loan application ("Application"), in a form prescribed by Prudential and consistent with the terms of this Loan Policy as authorized by the Plan Administrator, to Prudential by authorized electronic means. The date and time of receipt will be appropriately recorded.

If the Participant Transaction Center (PTC) Loan Service has been selected, a Participant may apply for a loan by submitting a loan application ("Application"), in a form prescribed by Prudential and consistent with the terms of this Loan Policy as authorized by the Plan Administrator, to Prudential by authorized electronic means. The request will be reviewed and approved and/or denied by an authorized representative of the Employer by electronic means. The date and time of receipt will be appropriately recorded.

If the Non-Automated Loan Service has been selected, a Participant may apply for a loan by submitting a duly completed loan application ("Application") to the Plan Administrator or authorized plan representative that has been signed by the Participant, within the 90-day period prior to the making of the loan. If spousal consent is required, the application must be signed by the spouse and witnessed by a notary public or an authorized plan representative. An authorized plan representative must approve the loan.

The Plan Administrator will not investigate the Participant's creditworthiness before making the loan as the loan will be treated as a directed investment of the borrower's Account.

An Employee may not make and the Plan will not accept a Direct Rollover of a loan note from the qualified plan of a Participant's former employer.

Please refer to the Administrative Services Agreement for applicable loan initiation and maintenance fees. The Plan Administrator, as to new loans, may increase these fees by notice to or agreement with the record keeper or other party administering loans and repayments.

2. LOAN LIMITATIONS. The Plan Administrator will not approve any loan to a Participant in an amount which exceeds 50% of his or her nonforfeitable account balance. 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. With regard to 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 \$1,000 will be granted to any Participant.
- A Participant can only have 1 loan(s) currently outstanding from the Plan.
- A new loan may not be issued until 7 (seven) days after a previous loan has been satisfied.
- Loan refinancing is not permitted.
- Loans will be permitted for any general purpose.
- Loans will be made from the following accounts in the following order:
  - (a) Pro-rata from all accounts.

3. **EVIDENCE AND TERMS OF LOAN.** The Plan Administrator will document 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.

The interest rate will be set by reference to the "bank prime rate." In accordance with the Plan Sponsor's direction, Prudential will make any necessary rate changes based upon the "bank prime rate" plus 2% reported by the U.S. Federal Reserve on the last business day of a calendar quarter effective for loans made on and after the first business day of the subsequent quarter. The source for the rate will be [www.federalreserve.gov](http://www.federalreserve.gov) or other websites that may provide the same information.

- i. The interest rate on Participant loans will be declared quarterly; however, the Plan reserves the right to change the basis for determining the interest rate prospectively with thirty (30) days notice.
- ii. These rights will only apply to a loan issued after the change(s) takes effect.

The loan must provide at least quarterly payments under a level amortization schedule. For loans made prior to February 1, 2018, if the Participant is currently employed by the Employer, the Plan Administrator will require the Participant receiving a loan from the Plan to enter into a payroll deduction agreement to repay the loan. For loans made on or after February 1, 2018, payments will be made by coupon/direct billing.

All loans will be considered a directed investment from the account(s) of the Participant maintained under the Plan. As such, all payments of principal and interest made by the Participant will be credited only to the account(s) of such Participant.

The Plan will charge that portion of the Participant's account balances with expenses directly related to the loan set-up, annual maintenance, administrative charges, and collection of the note. See the Administrative Services Agreement for more details.

A Participant may not request a Direct Rollover of a loan note to another qualified plan

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.

Loans may be paid in full at any time without penalty. Participants may contact the record keeper in order to obtain a payoff quote that is valid for 14 business days.

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. However, in no event will more than 50% of a Participant's vested interest in the Plan (determined immediately after origination of the loan) be used as security for the loan. 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. **SPOUSAL CONSENT.** This plan is not subject to the Qualified Joint and Survivor Annuity requirements. The Participant is not required to obtain his/her spouse's consent to use the account balance as security for the loan regardless of the value of the Participant's account balance.

6. **FORM OF PLEDGE.** The pledge and assignment of a Participant's account balances will be in the form prescribed by the Plan Administrator.

7. **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 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.

8. **LEAVE OF ABSENCE/SUSPENSION OF PAYMENT.** The Plan Administrator will suspend loan repayments for a period not exceeding one year which occurs during an approved leave of absence, either without pay from the Employer or at a rate of pay (after applicable employment tax withholdings) that is less than the amount of the installment payments required under the terms of the loan. The Plan Administrator will provide the Participant with a written explanation of the effect of the leave of absence upon his or her Plan loan.

## Participant Loan Policy

9. 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 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 under item 3 above. In the case of a military leave of absence, the revised term of the loan will not exceed the maximum term permitted under item 3 above, augmented by the time the Participant was actually in United States military service.

10. DEFAULT. The Plan Administrator will treat a loan as in default if:

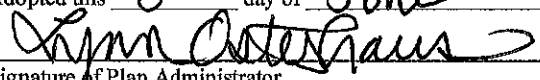
- any scheduled payment remains unpaid beyond the last day of the calendar quarter following the calendar quarter in which the Participant missed the scheduled payment

The Participant may pay any missed loan payments before any applicable grace period expires for the specific loan payment not paid on time, or repay the loan in full, or, if distribution is available under the Plan, request distribution of the note. If none of these options are exercised, the Plan Administrator will offset the loan to the vested account balances by the outstanding balance of the loan to the extent permitted by law. The Plan Administrator 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 has ever defaulted on a loan from this Plan or any other plan of the Employer, the Participant may not have an additional loan from this Plan.

11. FEES. If you apply for a loan, you will be charged for Plan expenses associated with the loan. All fees are subject to change.

Adopted this 8<sup>th</sup> day of June, 2022. This loan policy may be amended from time to time.

  
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Signature of Plan Administrator  
The Archdiocesan Employees Savings and Thrift Plan.