

WEST PALM BEACH POLICE PENSION FUND
DROP LOAN APPLICATION

EMPLOYEE INFORMATION:

Borrower (please print): _____

Social Security Number*: _____

**It is the policy of the Pension Fund to collect and maintain social security numbers of Plan Members, Retirees and Beneficiaries for the purposes of data collection, benefit processing, tax reporting and identity verification (including death record searches).*

Address: _____

Mailing Address: _____

Department Number: _____ Employee Number: _____

I. REQUEST FOR LOAN (CONTACT PLAN ADM BEFORE COMPLETING)

I hereby apply for a loan of \$ _____ from current value arising from my
DROP balance in the WPB Police Pension Fund as directed below:

II. REPAYMENT OF LOAN

My loan is to be repaid in _____ payments.

Please deduct \$ _____ per monthly pension payment until my loan
(principal and interest) is repaid.

III. PLAN RULES RELATING TO LOANS

Plan rules governing the operation of this loan program are explained in the Pension
Plan section attached hereto and made a part hereof by reference.

I, (Please print employee's name) _____, have read and understood all portions of the loan application including the attached addendum _____ and affix my signature hereto as evidence thereof this ____ day of _____, 20__.

Employee Signature: _____

OFFICE USE ONLY

LOAN APPROVED:

Original Balance: _____ Rate: _____

Number of Payments: _____ Payment Amount: _____

Type: _____ Status Code: _____

By: _____ Date: _____

ACCOUNTING:

Balance Accounting done

Notices to data center sent out

By: _____ Date: _____

Check No.: _____ Issued by: _____

Date: _____

Payroll deduction for above payment processed by:

_____ Date: _____

**SPOUSAL ACKNOWLEDGMENT OF LOAN
WEST PALM BEACH POLICE PENSION FUND**

Your spouse, as a Participant in the Plan named above, has applied for a loan from this Plan to be secured by his/her DROP benefits under the Plan. The Plan is not able to make this loan without your consent as the Participant's spouse. As the spouse of the Participant you are entitled to certain survivor benefits under the Plan. If the Participant dies before benefits are distributed, then you, as the Participant's spouse, are ordinarily entitled to all of the Participant's benefits upon his/her death (unless you have consented to a different beneficiary designation).

The loan agreement states that upon the distribution of any lump sum, the total amounts outstanding on the loan (including accrued interest and other costs) will be subtracted from the Participant's DROP benefits under the Plan. This reduction may reduce the survivor benefits to which you are entitled.

THE QPSA AND QJSA DO NOT APPLY TO THIS PLAN

I, the Participant's spouse, have read this consent form and the promissory note to which it relates. I understand that I can refuse to consent to this loan. The Plan will make this loan only if I consent to it. I understand that my consent cannot be revoked or withdrawn once given. I understand that by making this loan to my spouse, my survivor benefits under the DROP only may be reduced or eliminated. Being fully apprised of these facts I consent to this loan.

SIGN & PRINT NAME HERE: _____

SPOUSE'S SIGNATURE MUST BE NOTARIZED

STATE OF FLORIDA
COUNTY OF _____

SWORN to (or affirmed) and subscribed before me on ____ day of _____, 20__,

by _____, who is:

_____ Personally known to me, **OR** who

_____ Produced identification: _____

Specify type of identification produced

Notary Public-State of Florida

Type, print or stamp name of Notary in addition to Notary Seal in accordance with §117.045(3)(a), Florida Statutes.

Print Name of Notary

[SEAL]

WEST PALM BEACH POLICE PENSION FUND

POLICY FOR PLAN LOANS ON DROP BALANCES

Participants in the DROP of the **WEST PALM BEACH POLICE PENSION PLAN** may apply for a loan from their DROP account. All loan applications will be accepted and approved on a uniform and non-discriminatory basis and will be subject to the availability of funds in individual DROP accounts. The rules which will govern the issuance of these loans are as follows:

- a. **Amounts of Loan** - The principal amount of the total of all of a participant's loans shall be limited to the lesser of:

1. \$50,000 or
2. One-Half of the DROP balance

If a participant has had an outstanding loan balance during the preceding 12 months, the maximum loan may be further reduced by the amount of that loan.

- b. **Term of Loans** - All loans shall be issued for a maximum term of five (5) years and shall be repaid in full within this period. A loan may not be extended or renewed beyond its maturity date.

- c. **Interest Rate** - Interest shall be charged on all loans at the prime rate of interest being charged by local banks at the time the loan is issued. Loan payments must be level and in an amount which will fully amortize the loan over its term. Payments will be made at least monthly and in an amount which will fully amortize the loan over its term. The Trustees will otherwise determine in their discretion, the terms of repayment.

Note that under the Tax Reform Act of 1986, some or all interest paid under plan loans may not be deductible. Consult your tax advisor.

- d. **Documents** - All loans shall be evidenced by a written promissory note signed by the participant and personally guaranteeing the repayment of such loan. The note shall be secured by the participant's DROP balance.

POLICY FOR PLAN LOANS ON DROP BALANCES

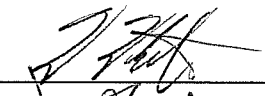
e. **Other Rules -**

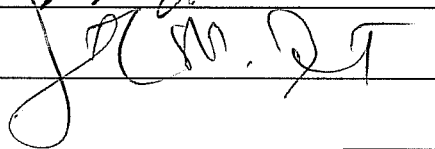
1. A participant shall be allowed to receive only one loan per year from the Plan.
2. The minimum loan shall be \$1,000.00.
3. Loans must be fully prepaid from any lump sum distribution received from the DROP by or on behalf of the participant.
4. Participants who have defaulted on loans shall be refused subsequent loans by the Trustees.
5. A married participant's spouse must consent to the loan.
6. A participant is not entitled to take a loan from the Plan if a previous loan is outstanding.
7. Failure to make scheduled loan payments may result in serious adverse tax consequences.
8. The Administrator shall charge participants administrative fees for processing and administering the loan.
9. Interest paid on loans will be the only interest credited on the outstanding balances. The DROP participant's balance, excluding the outstanding loan amount, shall earn the rate of interest that was selected by the member (fixed or variable). The payments, including interest, shall be credited to the member's DROP account.
10. Loan payments will be deducted from the monthly pension payment.

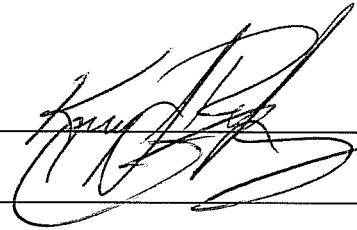
POLICY FOR PLAN LOANS ON DROP BALANCES

This POLICY FOR PLAN LOANS ON DROP BALANCES is hereby adopted this
18th day of November, 2005.

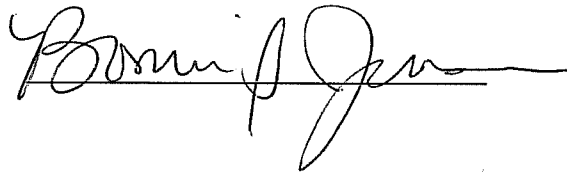
TRUSTEES







Witnessed by:



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November 18, 2005