

Solo 401(k) Plan Loan Request



Account Number

Section 1. Participant and Plan Information

First Name Middle Initial Last Name Last Four Digits of SSN

Date of Birth (mm/dd/yyyy) Plan Name

Section 2. Participant Loan Details

A. Amount Requested (select one):

- ☐ \$ _____
- ☐ Maximum amount allowable

B. Loan Term: _____ months

(up to 60 months, if not your principal residence or 180 months if your principal residence) If longer than 60 months, I hereby certify that I am using this loan to acquire my principal residence as permitted under IRS regulations. I understand that if I have made a false statement, I will be subject to unfavorable tax consequences and penalties.

C. Repayment Frequency (select one):

- ☐ Quarterly
- ☐ Monthly

D. Interest Rate: Prime plus 1 (one) percent

E. Investments to Be Liquidated: Unless your Investment Advisor instructs otherwise, your investments will be liquidated based on your current allocations.

Section 3. Disbursement Method

☐ **By Wire** (Fee may apply) Note: Allow next business day for wires.

Select One:

- ☐ Checking account with the bank information below
- ☐ Savings account with the bank information below
- ☐ Voided check provided in lieu of bank information

Bank Name

ABA (Routing) Number

Name on Bank Account

Bank Account Number

☐ **By check** Note: allow 10 Business days for check delivery. If no payment or mailing instructions are provided, the address of the record will be used as default instructions. Check fee may apply.

☐ (Optional) Send check via overnight delivery (not available for a P.O. Box address). Additional fee may apply

Select One:

- ☐ By check to account owner at the address of record
- ☐ By check to the account owner at the address below

Mailing Address

City

State

ZIP Code

Section 4. Acknowledgement and Signature

By signing below, you verify that all information included on this form is correct and hereby request a participant loan as outlined above. You certify that you have read and understand the Solo 401(k) Plan Participant Loan Program. You also understand that the administrator of the Plan will make any loan in reliance on the statements included in this Loan Request.

You understand that you are responsible for, among other things, the following: (1) repaying the amount financed, including interest, by regular periodic payments in accordance with the amortization schedule; (2) maintaining payment records to ensure the terms of the loan are met; and (3) notifying the plan trustee/administrator if their loan falls behind or if they need assistance in submitting payments or understanding the terms of the loan.

You acknowledge that while Axos Advisor Services is not a fiduciary or a plan sponsor on the above mentioned plan, Axos Advisor Services reserves a right to default the loan if AAS becomes aware of a delinquent loan.

You agree to indemnify and hold harmless Axos Advisor Services, its successors and assigns, its affiliates, and its and their directors, officers, employees, and agents (each an "Indemnified Party") from and against any losses, claims, liabilities, damages, actions, charges, costs and expenses including attorney fees, and to pay any Indemnified Party's defense costs and expenses arising from, in connection with, or incident to, my instructions, authorizations, representatives, or other statements provided herein.

Participant Signature

x

Participant Signature

Print Name

Date

Section 5. Plan Trustee or Administrator Affirmation

Although the participant and plan trustee or administrator of a Solo(k) can be the same individual, that individual must sign as both participant and plan trustee or administrator.

You certify that, when spousal consent is required, that the spouse of the participant named above has consented to waive their right for benefits paid in the form of a Qualified Joint and Survivor Annuity.

You understand that you are responsible for, among other things, the following: (1) monitoring participant loans to ensure that such participant repayments are made timely; (2) understanding the rules governing the plan's loan program; (3) notifying AAS in the event an outstanding loan balance becomes reportable to the Internal Revenue Service (IRS); (4) record-keeping and reconciling the loan payments against the amortization schedule; (5) maintaining records in the event of an audit; and (6) if applicable, communicating the amount and details of a loan default to their Investment Advisor.

You acknowledge that while Axos Advisor Services is not a fiduciary or a plan sponsor on the above mentioned plan, Axos Advisor Services reserves a right to default the loan if AAS becomes aware of a delinquent loan.

You are authorized to act individually on behalf of the Plan Trustee or Administrator named below, with respect to providing the required affirmation. You hereby approve the requested loan. You will provide any documentation relating to this transaction, including documentation supporting the statements made herein. You agree and acknowledge that Axos Advisor Services is not a trustee or fiduciary, and you agree to indemnify and hold harmless Axos Advisor Service, its successors and assigns, its affiliates, and its and their directors, officers, employees, and agents (each an "Indemnified Party") from and against any losses, claims liabilities, damages, actions, charges, costs, and expenses including attorney fees, and to pay any Indemnified Party's defense costs and expenses resulting or arising from, in connection with, or incident to, my instructions, authorizations, representations, or other statements provided herein.

Plan Trustee or Administrator Signature

x

Plan Trustee or Administrator Signature

Print Name

Date

GENERAL INSTRUCTIONS

Use these instructions to complete the Solo 401(k) Plan Loan Request.

Purpose of this form: Please complete this form to request a participant loan from your Solo 401(k) Plan. Participant loans are authorized in the plan document. Please refer to your Adoption Agreement.

IMPORTANT: Internal Revenue Service rules and the attached Solo 401(k) Plan Participant Loan Program govern the terms of participant loans from your Solo 401(k) Plan. Please review these rules prior to completing a loan request. All participant loans must comply with the Solo 401(k) Plan Participant Loan Program. If you have questions concerning the participant loan terms, including any applicable fees, please contact your Investment Advisor.

- **You must complete all required fields, unless designated as 'if applicable'.** 'If applicable' indicates the section or entry is required only if certain conditions apply. These conditions are outlined in detail in these instructions.
- **To expedite processing and to avoid requests for additional information, provide all required additional forms and documentation as detailed in these instructions.**
- **Print or type all entries.** Print clearly in all CAPITAL LETTERS to complete this form. To complete the form online or electronically, use the fillable PDFs available through Liberty and at <https://www.axosadvisorservices.com/Forms-and-Applications/>.

Section 1: Participant and Plan Information

Enter the account owner's information and plan name for this account exactly as it appears on your Axos Advisor Services Account. For new accounts, enter the account name exactly as it is written on the application form.

Section 2: Participant Loan Details

- A. Amount Requested. You may request a loan for an amount that complies with IRS limits. Please see Q&A #4 of the Loan Policies and Procedures.
- B. Loan Term. Insert the number of months over which you will repay the requested loan. Please refer to Solo 401(k) Plan Participant Loan Program for information on loan term limitations. Generally, loans must be repaid over 60 months or less.
- C. Repayment Frequency. Indicate how often you will make periodic loan repayments.
- D. Interest Rate. The interest rate for the loan duration will be fixed at prime plus 1% on the date that loan proceeds are paid.
- E. Investments to Be Liquidated. To fund the requested loan, your investments will be liquidated based on your current allocations unless your Investment Advisor provides other instructions.

Section 3: Disbursement Method

Select the appropriate disbursement method.

IMPORTANT: Funds sent overnight via check or wired may be subject to a fee, which will be deducted from your account balance. Your Investment Advisor can provide you with fee information regarding this transaction.

Check either the By Wire or By Check box for the cash disbursement.

- **By wire.** If you select either Checking Account or Savings Account, enter your banking information. If you select the Voided Check Provided box, provide a blank check with this form. *Note: Allow the same or next business day for wires. If the bank account type is not selected, Axos Advisor Services will default to checking account.*
- **By check.** Select the appropriate box to indicate where the check is to be sent. If desired, check the box to request overnight delivery. An overnight delivery fee will apply. *Note: Allow 10 business days for delivery of checks via regular mail.*

Section 4: Acknowledgement and Signature

Please sign and date the form. Return your completed form as instructed by your Investment Advisor or your client representative. Questions regarding this form should be directed to your Investment Advisor.

Section 5: Plan Trustee or Administrator Affirmation

Provide signature of Plan Trustee or Administrator to authorize loan request. If the participant and plan trustee or administrator of a Solo(k) is the same individual, that individual must sign as both participant and plan trustee or administrator.

1. PARTICIPANT LOAN PROGRAM

The Plan allows loans to Participants. Department of Labor Final Regulations require that the Plan adopt a written Participant Loan Program. Failure to do so may subject any Participant loan to adverse tax consequences and treatment as a "prohibited transaction" under the Regulations. You should sign this procedure.

**SOLO 401(K) PLAN
PARTICIPANT LOAN PROGRAM**

The Plan permits loans to be made to Participants and their beneficiaries. However, before any loan is made, the Plan requires that a written loan program be established which sets forth the rules and guidelines for making Participant loans. This document shall serve as the required written loan program. In addition, the Administrator may use this document to serve as, or supplement, any required notice of the loan program to Participants and their beneficiaries. All references to Participants in this loan program shall only include Participants and their Beneficiaries or any alternate payee with respect to the Plan. Furthermore, it shall only include those individuals to the extent they are "parties in interest" as defined by ERISA Section 3(14).

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

1. Loan application. Any Participant that is actively employed may apply for a loan from the Plan. A Participant must apply for each loan in a form approved by the Administrator, which specifies the amount of the loan desired, the requested duration for the loan and the source of security for the loan.

All loan applications will be considered by the Administrator within a reasonable time after the Participant applies for the loan. The Participant will be required to provide any supporting information deemed necessary by the Administrator.

2. Loan limitations and rules. The 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) shall apply, in addition to such other requirements set forth in the Plan:

- a. No loan in an amount less than \$1,000 will be granted to any Participant.
- b. A Participant can only have 2 loan(s) currently outstanding from the Plan.
- c. All loans made pursuant to this program 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 also will charge that portion of the Participant's account balances with expenses directly related to the origination, maintenance and collection of the note.

3. Evidence and terms of loan. The Administrator will document every loan in the form of a promissory note, or other document including a check, 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 program will bear a commercially reasonable rate of interest established by the Administrator. In determining such rate of interest, the Plan will require a rate of return commensurate with the prevailing interest rate charged on similar loans under like circumstances by persons in the business of lending money. Such prevailing interest rate standard will permit the Administrator to consider factors pertaining to the opportunity for gain and risk of loss that a professional lender would consider on a similar arms length transaction, such as the creditworthiness of the Participant and the security given for the loan. The administrator and/or the Plan's service provider will review and establish a reasonable rate of interest in a nondiscriminatory manner. The interest rate will be fixed for the duration of the loan.

The loan must provide at least quarterly payments under a level amortization schedule. Generally, the Administrator will require that the Participant repay the loan by agreeing to either payroll deduction, payment by ACH (automated clearing house system for electronic funds transfer) or payment by check.

The Administrator 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.

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 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 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 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 shall 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 shall not exceed six percent (6%), compounded annually.

7. Leave of absence/suspension of payment. The Administrator may, upon request by the Participant, 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 Administrator will provide the Participant with a written explanation of the effect of the leave of absence upon his or her Plan loan.

8. Payments after leave of absence. When payments resume following a payment suspension in connection with a leave of absence authorized in 6 or 7 above, the Participant shall select one of the following methods to repay the loan, plus accumulated interest:

- a. The Participant shall 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.
- b. The Participant shall 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.
- c. The Participant may extend the maturity of the loan and reamortize the payments over the remaining term of the loan. In no event shall 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 leave of absence described in item 7 above, the revised term of the loan shall not exceed the maximum term permitted under item 3 above. In the case of a leave of absence described in item 6 above, the revised term of the loan shall not exceed the maximum term permitted under item 3 above, augmented by the time the Participant was actually in United States military service.

9. Default. The Administrator will treat a loan in default if:

- a. 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; or
- b. the Participant makes or furnishes any false representation or statement to the Plan.

The Plan Administrator shall be responsible for monitoring Solo 401(k) participant loans to assure such participant repayments are timely made and shall notify Axos Advisor Services of any potential loan 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 Administrator will offset the Participant's vested account balances by the outstanding balance of the loan to the extent permitted by law. The 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.