

PEMBROKE PINES CITY PENSION FUND FOR FIREFIGHTERS & POLICE OFFICERS
DEFERRED RETIREMENT OPTION PLAN

LOAN APPLICATION, PROMISSORY NOTE, PLEDGE AND PAYMENT AUTHORIZATION

A. ABOUT YOU (Please Print)

Last Name

First Name

M.I.

()
Telephone

Home Address

B. LOAN APPLICATION

I hereby apply for a loan from my Account in the amount of \$ _____ (not less than \$1,000) to be repaid by me over a period of _____ months (minimum of 12 but not to exceed 60 months.).

I understand the loan will be withdrawn from my DROP Account in accordance with the Loan Rules and the loan amount will be less if the funds available for the loan are less than the amount requested or if the requested amount exceeds the limitations in the Loan Rules. I also understand that once this application is approved, action will be taken to withdraw the loan amount from my Account and that this amount will stop earning investment income before I receive the loan proceeds.

Signature of Participant/Borrower

Date

C. REPAYMENT OF THE LOAN

YOUR PAYMENT SCHEDULE WILL BE:

NUMBER OF BI-WEEKLY PERIODS	BI-WEEKLY PAYMENT AMOUNT	BI-WEEKLY PAYMENTS BEGIN
	\$	
NUMBER OF MONTHLY PERIODS	MONTHLY PAYMENT AMOUNT	MONTHLY PAYMENTS BEGIN
	\$	

Prepayment: If you pay off the loan early, you will not have to pay a penalty and you will not be entitled to a refund of a part of the finance charge. Partial prepayments are prohibited.

D. PROMISSORY NOTE/PLEDGE

Promise to Pay: I promise to pay to the order of my Plan account the principal sum of \$ _____ plus interest on the unpaid balance at _____% interest rate per year plus fees shown in this Agreement until the loan is repaid in full. I understand and agree that upon my death or termination of the Plan, the outstanding principal amount of the loan will be considered due and payable and shall be payable before any distribution to my beneficiary.

In no event shall interest (including any charge or fee held to be interest by a court of competent jurisdiction) accrue to be payable hereon in excess of the highest contract rate allowable by law for the time such indebtedness shall be outstanding and unpaid, and if by reason of acceleration of maturity of such indebtedness, or for any other reason, interest in excess of the highest legal rate shall be due or paid, any such excess shall constitute and be treated as payment of the principal hereof and shall operate to reduce such principal by the amount of such excess, or if in excess of the principal indebtedness, such excess shall be refunded to the Participant/Borrower.

Payment
Schedule:

I promise to repay the money loaned to me according to the payment schedule shown above. I may make a prepayment in full as of the last day of any month without penalty as explained in the Loan Rules. I understand the Board of Trustees may, in its sole discretion, cause the outstanding balance of the loan to be immediately due and payable on any date after I cease to be a Participant in the DROP.

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Fees & Taxes: I understand and agree that loan fees, costs and taxes of \$ _____ will be deducted from my DROP Account and included in the amount borrowed.

FLORIDA DOCUMENTARY STAMP TAX REQUIRED BY LAW IN THE AMOUNT OF \$ _____
HAS BEEN PAID OR WILL BE PAID DIRECTLY TO THE DEPARTMENT OF REVENUE

Default: I understand and agree that if I fail to repay the loan according to the schedule set forth above, or within ten days of the Call Date as defined in the Loan Rules, the delinquent loan and default provisions in the Loan Rules side will be implemented, unless I prepay the loan according to the Loan Rules. I agree to pay all costs of collection including reasonable trial and appellate attorney fees in case the principal of this note is not paid, or in case it becomes necessary to protect the security hereof, whether suit be brought or not. Default interest, payable to the City Pension Fund for Firefighters' & Police Officers, shall be at the highest rate allowed by law from the date of Default until paid. The creditor is the Board of Trustees of the Pembroke Pines City Pension Fund for Firefighters & Police Officers.

Pledge: I certify that I fully expect to be able to repay this loan and I assign and pledge my DROP account balance as security for the loan made to me

E. PAYMENT AUTHORIZATION

- ☐ I authorize my employer's payroll department to deduct from my salary the amount and number of payments according to the payment schedule set forth above. (FOR ACTIVE DROP PARTICIPANTS)
- ☐ I authorize the Board to deduct from my monthly pension payment the amount and number of payments according to the payment schedule set forth above. (FOR NON-ACTIVE DROP PARTICIPANTS)

Authorized Signature

Date

F. APPROVAL

The above loan application was received by _____ on _____ and is hereby:

☐ Approved

☐ Disapproved, because _____

Authorized Signature

Date

G. SIGNATURE AND ACKNOWLEDGEMENT

The Loan Rules are part of the entire Agreement and I understand that they are terms and conditions of my loan and that I am bound by them. I received a completed copy of this Agreement, Promissory Note and Payment Authorization and I agree to fulfill the terms set forth in this Agreement. I WAIVE MY RIGHT TO TRIAL BY JURY IN ANY ACTION BROUGHT IN CONNECTION WITH OR ARISING OUT OF THIS PROMISSORY NOTE, PLEDGE OR PAYMENT AUTHORIZATION, OR THE INDEBTEDNESS THEY REPRESENT.

Signature of Participant/Borrower

Date

Signature of Witness

Date

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LOAN RULES

1. ELIGIBLE PARTICIPANT

- 1.1 Participants who have completed at least 12 months of participation in the DROP shall be eligible to receive a loan from their own DROP account.

2. NUMBER

- 2.1 Participants may only obtain one loan during any 12 month period.

3. INCREMENTS

- 3.1 All loans must be in hundred dollar increments.

4. MINIMUM AMOUNT

- 4.1 The minimum amount which may be borrowed is \$1,000.

5. MAXIMUM AMOUNT

- 5.1 No loan will be granted to the extent it would exceed the lesser of:
- (i) \$50,000 reduced by the highest outstanding loan balance during the last twelve months; or
 - (ii) 50% of the Participant's DROP account balance, including after-tax contributions and earnings thereon.

6. TERM

- 6.1 All loan terms must be at least 12 months and be stated in whole month increments.
- 6.2 The loan must be repaid within five years.
- 6.3 The loan may not be extended or renewed beyond its maturity date.

7. INTEREST

- 7.1 The interest rate for loans will be set by the Board of Trustees on the first business day of each calendar quarter. The interest rate shall be the prime rate as published in the Wall Street Journal on the first business day of the calendar quarter plus one percent. The interest rate set applies to loans processed during that calendar quarter.
- 7.2 The interest rate for a loan will be fixed for the entire term of the loan.
- 7.3 Interest paid on loans will be the only interest credited on the outstanding loan balance and will be credited to the Participant's DROP account.

8. REPAYMENT

- 8.1 Loan repayments will be deducted from active Drop Participant's payroll checks. If the net amount of a Participant's paycheck is insufficient to cover the full amount of the loan payment, then by no later than the 1st day of the month the Participant shall pay the additional sum due by submitting a check to the Board of Trustees made payable as provided in Section 9.3.

X _____

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- 8.2 Loan repayments will be deducted from each monthly pension check received by non-active/retired DROP Participants. If the net amount of a Participant's pension check is insufficient to cover the full amount of the loan payment, then by no later than the 1st day of the month the Participant shall pay the additional sum due by submitting a check to the Board of Trustees made payable as provided in Section 9.3.
- 8.3 Repayment amounts will be equal throughout the term of the loan.
- 8.4 Repayments shall be applied first to accrued interest and then to principal.
- 8.5 Interest on each loan will begin to accrue on the day the proceeds of the loan are disbursed. Disbursement of loan proceeds shall be on the 1st business day of the month immediately following the month in which the loan is approved by the Board.
- 8.6 Upon the death of the Participant, the loan shall become immediately due and payable.
- 8.7 The loan must be fully prepaid prior to any distribution to a Participant's beneficiary or beneficiaries.

9. PREPAYMENTS

- 9.1 A Participant will have the right to prepay the loan in full as of the end of any calendar month and will not have to pay a penalty. Finance charges paid during the time the loan is outstanding will not be refunded.
- 9.2 Partial prepayment is not permitted.
- 9.3 Prepayments must be made by a check payable to the "Board of Trustees of the Pembroke Pines Pension Fund for Firefighters and Police Officers."

10. LEAVES OF ABSENCE

- 10.1 If a borrowing Participant takes a leave of absence with full pay, the Participant will continue making regular repayments of principal and interest.
- 10.2 If a borrowing Participant takes an approved leave of absence without pay or with less than full pay, the Participant must submit a check to the Board of Trustees no later than the first day of each month. The check must be made payable as provided in Section 9.3.

11. DEFAULTS AND REMEDIES

- 11.1 A loan will be declared in default if:
 - (i) the Participant misses two consecutive monthly payments or four non-consecutive monthly payments are delinquent in any five-year calendar period or, unless the Board of Trustees agrees to an alternate method of payment, revokes his/her authorization for payroll or monthly pension payment deductions; or
 - (ii) the Board of Trustees declares the outstanding balance of a loan to be due and payable as of a date determined, in its sole discretion, by the Board of Trustees (the "Call Date"), which date shall be after the Firefighter or Police Officer ceases to be a Participant in the DROP, and the outstanding loan balance, including any accrued but unpaid interest, is not repaid within ten days of the Call Date.

X _____

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- 11.2 Once the loan is declared in default, the entire unpaid balance will become immediately due as of the last day of the month during which it is declared in default. Repayment of the outstanding loan balance must be made by submitting a check to the Board of Trustees payable as provided in Section 9.3.
- 11.3 A loan will not be in default if a Participant fails to make two scheduled repayments, provided that by the end of the following payment period such delinquency is eliminated. Catch-up repayments will be permitted.
- 11.4 If a loan is in default, it will be subject to collection pursuant to appropriate legal remedies and will be subject to offset from subsequent withdrawals and distributions from the DROP, unless collected.
- 11.5 A Participant who has defaulted on a loan shall be refused subsequent loans.

12. SOURCES AND APPLICATION OF FUNDS

- 12.1 Loan amounts will be taken from a Participant's DROP account, first from any amounts in his account that would be taxable if distributed to the Participant and then, if necessary, from any after-tax contributions made under Section 34.52(C)(6) of the City Code which would not be taxable if distributed to the Participant.
- 12.2 Principal shall be repaid to the Participant's DROP account in the reverse order to that in which the money is borrowed under Section 12.1
- 12.3 The Participant's loan re-payments shall be allocated in accordance with the Participant's investment election in effect at the time of repayment.

13. SECURITY

- 13.1 A Participant shall pledge his/her DROP account as security for the loan.
- 13.2 A Participant shall maintain twice the initial loan principal amount in the Participant's DROP account as security for the loan as long as the loan remains outstanding and unpaid.
- 13.3 No collateralizing of assets outside the DROP is required or permitted.

14. LOAN APPLICATION AND PROCESSING

- 14.1 The loan process can be initiated by obtaining a loan application from the Board of Trustees. All loans shall be evidenced by a written promissory note and pledge signed by the Participant personally guaranteeing repayment of the loan.
- 14.2 Loan applications will be approved or disapproved in accordance with uniform and nondiscriminatory procedures adopted by the Board of Trustees.
- 14.3 Loan applications must be completed in full and submitted to the Board of Trustees on or before the last day of the month to be approved and processed as of the end of the following month.
- 14.4 Loan checks will be issued as soon as practicable following the date the loan application is processed and approved by the Board.

X _____

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- 14.5 A loan administration and processing fee shall be charged per loan and shall be paid by check upon submission of the loan application. In addition, a Participant shall pay all other costs and fees related to the loan including but not limited to documentary stamp tax, legal fees, actuarial fees, accounting fees, servicing fees, processing fees and all other taxes and administrative fees such that the DROP loan program shall be administered at no cost to either the Plan or the City. Participant shall be responsible for any other cost or fee related to Participant's loan which is incurred by the Plan between the loan closing date and repayment of the loan in full. Upon receiving notice of any such cost or fee, Participant agrees to remit payment of same within fourteen (14) days by submitting a check to the Board of Trustees made payable as provided in Section 9.3.

15. OTHER

- 15.1 Participants should note that the law treats the amount of any loan not repaid in five years as of 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.
- 15.2 Participants should further note that in certain circumstances, an additional 10% federal excise tax may apply.
- 15.3 A Participant should consult his own tax advisor as the Pension Office will NOT provide tax advice regarding any aspect of the DROP, including DROP loans.
- 15.4 These DROP Loan Rules shall automatically become terms and conditions of all DROP loans.

THESE LOAN RULES ARE PART OF THE ENTIRE AGREEMENT AND I UNDERSTAND THAT THEY ARE TERMS AND CONDITIONS OF MY LOAN AND THAT I AM BOUND BY THEM.

X _____
Signature of Participant/Borrower

X _____
Date

Signature of Witness

Date

X _____