

**PEMPROKE PINES CITY PENSION FUND FOR FIREFIGHTERS & POLICE OFFICERS
DEFERRED RETIREMENT OPTION PLAN (DROP)**

Loan Application, Promissory Note, Pledge and Payment Authorization

Section 1: Borrower Information

Please provide the following information:

- Last Name: _____
- First Name: _____
- Middle Initial: _____
- Telephone Number: _____
- Home Address: _____

Section 2: Loan Application

I am applying for a loan from my Deferred Retirement Option Plan (DROP) account in the amount of _____]. The loan will be repaid over a period of _____ months, with a minimum repayment period of 12 months and a maximum of 60 months. I understand that the loan amount will be deducted from my DROP account, and I will stop receiving investment income on the withdrawn amount before I receive the loan proceeds.

Section 3: Payment Authorization

[] I authorize my employer's payroll department to deduct loan repayments from my salary. (For active DROP participants)

[] I authorize the Board to deduct loan repayments from my monthly pension payment. (For non-active DROP participants)

Section 4: Approval

Loan application received by: _____ on _____.

[] Approved: _____

[] Disapproved, because: _____

Section 5: Repayment of the Loan

My payment schedule will be as follows:

Number of Bi-weekly Periods	Bi-Weekly Payment Amount	Bi-Weekly Payments Begin
Number of Monthly Periods	Monthly Payment Amount	Monthly Payment Begin

I understand that I can prepay the loan in full at any time without penalty, but partial prepayments are not allowed.

Date: _____

Signature
Post-Closing to Confirm Payment

Section 6: Promissory Note and Pledge

I, _____, promise to pay the principal sum of _____, plus interest at a rate of _____ % per year, until the loan is repaid in full.

I understand that if I die or terminate my participation in the Plan, the outstanding loan balance will become due and payable immediately or treated as a taxable distribution from my account.

I pledge my DROP account balance as security for this loan.

I understand and agree that total interest on the life of the loan is \$ _____, which will be deducted from my DROP account and included in the amount borrowed.

Date: _____

Signature
Post-Closing to Confirm Payment

Loan Rules

Section 1: Eligibility

Participants who have completed at least 12 months in the DROP are eligible for a loan from their account.

Section 2: Number of Loans

Participants may obtain one loan during any 12 month period

Section 3: Loan Increments

Loan amounts must be in \$100 increments.

Section 4: Minimum and Maximum Loan Amounts

The minimum loan amount is \$1,000. The maximum loan amount is the lesser of \$50,000 (reduced by the highest outstanding loan balance in the last 12 months) or 50% of the participant's DROP account balance.

Section 5: Loan Term

Loan terms must be between 12 months and 5 years, with no extensions or renewals allowed.

Section 6: Interest Rate

The interest rate is set by the Board of Trustees quarterly and is equal to the prime rate, as published in the Wall Street Journal for the corresponding quarter, plus 1%. The interest rate is fixed for the life of the loan. Interest paid on the loan is credited to the participant's DROP account.

Section 7: Repayment

Loan repayments will be deducted from the participant's paycheck or pension check. Participants are responsible for ensuring timely payments, even if their paycheck or pension check is insufficient to cover the repayment amount. If the net amount of the Participant's paycheck is insufficient to cover the loan repayment amount, the Participant shall pay any additional amount due no later than the 1st of the month by check payable to the "Board of Trustees of the Pembroke Pines Fund for Firefighters and Police Officers". Repayments are applied first to accrued interest, then to principal. Interest begins accruing on the disbursement date.

The entire amount of the loan shall become immediately due and payable upon the Participant's death and will be fully prepaid prior to any distribution to a Participant's beneficiary.

Section 8: Prepayments

Participants may prepay the loan in full at any time without penalty, but partial prepayments are not allowed. Finance charges paid during the time the loan is outstanding will not be refunded. Prepayments must be made by check payable to the "Board of Trustees of the Pembroke Pines Fund for Firefighters and Police Officers".

Section 9: Leaves of Absence

Participants on leave with full pay must continue making regular loan repayments. Participants on leave without pay or with reduced pay must submit payments directly to the Board of Trustees by check payable to the "Board of Trustees of the Pembroke Pines Fund for Firefighters and Police Officers" no later than the first day of each month.

Section 10: Defaults and Remedies

A loan is considered in default if the participant misses two consecutive payments or four non-consecutive payments within a five-year period, or if the participant revokes payment authorization. The Board of Trustees may also declare a loan in default under certain circumstances. If a loan is in default, the entire unpaid balance becomes due immediately by check payable to the "Board of Trustees of the Pembroke Pines Fund for Firefighters and Police Officers" and will be subject to offset from subsequent withdrawals and/or distributions from Participant's DROP account.

Section 11: Sources and Application of Funds

Loan amounts are taken from the participant's DROP account. Principal is repaid to the DROP account in the reverse order it was borrowed. Loan repayments are allocated according to the participant's investment election at the time of repayment.

Section 12: Security

The participant's DROP account is pledged as security for the loan. No collateral outside the DROP is required or permitted.

Section 13: Loan Application and Processing

Loan applications must be submitted to the Board of Trustees. All loans are evidenced by a promissory note and pledge signed by the participant. The Board of Trustees approves or

disapproves loan applications following a uniform and non-discriminatory process and checks will be issued as soon as practicable.

In conjunction with the loan application, a Participant shall submit a check payable to the “Board of Trustees of the Pembroke Pines Fund for Firefighters and Police Officers” for administration and processing fees. Additionally, Participant is responsible for payment of costs and fees incurred related to the loan. These fees and costs include, but are not limited to, documentary stamp tax, legal fees, actuarial fees, accounting fees, servicing fees, processing fees, and all other taxes and/or administrative fees, including any other cost or fee incurred by the Plan between the loan closing date and repayment of the loan in full.

Section 14: Other

The law treats any loan amount not repaid within five years as a taxable distribution. An additional 10% federal excise tax may apply in certain circumstances. Participants should consult their own tax advisors for tax advice related to DROP loans.

I acknowledge that I have received a copy of this agreement and agree to its terms, including the Loan Rules. I waive my right to a jury trial in any action arising from this loan.

Signature of Participant/Borrower

Date: _____