

# General Retirement System of the City of Detroit 1973 Defined Contribution Plan

## LOAN APPLICATION

### INSTRUCTIONS

1. Participant must Complete Sections 1, 2 and 3.
2. Participant must Review Plan Provision Agreement in Section 4, then Sign and Date
3. Return the completed application to one of the following First Independence Bank branch locations:

Main Office Branch 44 Michigan Avenue Detroit, MI 48226	Livernois Branch 12200 Livernois Detroit, MI. 48204	Seven Mile Branch 7020 W. Seven Mile Detroit, MI. 48221	Greektown Branch 400 Monroe Detroit, MI. 48226	Farmington Hills Branch 28300 Orchard Lake Rd. Farmington Hills, MI. 48334
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4. For questions completing the form, please call (313) 256-8482

### SECTION 1: PARTICIPANT INFORMATION

Name: \_\_\_\_\_

Social Security #: \_\_\_\_\_ Date of Birth \_\_\_\_\_

Address (Street, City, State, Zip): \_\_\_\_\_  
\_\_\_\_\_

Phone Number: 1. \_\_\_\_\_ 2. \_\_\_\_\_

Email Address: \_\_\_\_\_

I am  I am not subject to an Eligible Domestic Relations Order ('EDRO) or any other Domestic Relations Order ("DRO")

### SECTION 2: LOAN AMOUNT REQUESTED

I request a loan amount of \$ \_\_\_\_\_ + \$75.00 origination fee= \_\_\_\_\_  
Participant's Initials \_\_\_\_\_  
(minimum \$1,000 & a maximum of 50% of the account value or \$10,000, whichever is less)

I request a loan in the maximum amount permitted by the Plan minus the \$75.00 origination fee.  
Participant's Initials \_\_\_\_\_

### SECTION 3: LOAN TERMS

I intend to use the loan proceeds to purchase my primary residence.  YES  NO  
*A failure to check a box means NO.*

Residential Loan: If you checked **YES**, indicate your Loan Repayment Period: \_\_\_\_\_ year(s) / \_\_\_\_\_ months  
*A failure to enter a repayment period shall result in a 15-year repayment period being selected. **NOTE:** the maximum repayment period for a Residential Loan is 15 years.*

**MUST ATTACH A SIGNED PURCHASE AGREEMENT.**

OR

General Purpose Loan: If you checked **NO above**, indicate your Loan Repayment Period (not to exceed 5 years):  
\_\_\_\_\_ year(s) / \_\_\_\_\_ months  
*A failure to enter a repayment period shall result in a 5-year repayment period being selected.*

# General Retirement System of the City of Detroit 1973 Defined Contribution Plan

## LOAN APPLICATION

### **SECTION 4: Loan Provision Agreement**

#### **I Understand And Agree To The Following Loan Provisions:**

1. Only an active general city employee who is a participant in the 1973 Defined Contribution Plan ("1973 DC Plan") may apply for a 1973 DC Plan loan. Additionally, you must either be a non-union employee or a member of a union that has formally adopted the provisions of the loan program.
2. A participant may only have one outstanding loan at a time. There is a 60-day waiting period upon payoff of a Plan loan prior to applying for a new loan.
3. A promissory note must be signed at First Independence Bank before the loan amount is issued. Funds borrowed from the Plan are not treated as a Plan distribution, provided they are repaid in accordance with the terms of the Plan and note.
4. Your remaining account balance in the 1973 Defined Contribution plan after the loan proceeds have been withdrawn will serve as security interest (subject to applicable law) for any unpaid loan administration and/or fees associated with your loan.
5. The loan interest rate will be a fixed rate set at the Plan's actuarial rate plus 1% for the administration of the loan. Interest paid on the Plan loan is not deductible for tax purposes in accordance with federal tax law, regardless of the purpose of the loan.
6. **A loan origination fee of \$75.00 will be deducted from the loan proceeds. In addition, a \$2.80 per payment processing fee will be added to your loan repayment amount to cover the loan processing fees.**
7. Loan payments will be made through regular payroll deductions, at a minimum bi-weekly. The payroll deduction cannot be less than \$20.00 for any two-week period. If the required loan repayment amount exceeds 25% of your net pay, your loan proceeds will be reduced to an amount that will ensure your payroll deduction is below that threshold. You may increase your payroll deduction to pay-off the loan early. If you choose, you may elect to fully payoff your loan at any time with a certified check or money order made payable to the First Independence Bank indicating the 1973 Defined Contribution Plan. You should contact the Plan Administrator prior to submitting any full repayment to confirm the current amount due.
8. A residential loan can be used only for the purchase or construction of a primary residence. Proof of purchase or a construction agreement is required to be included with this application. The documentation provided must be from a third party, be a signed copy of either the home purchase contract or settlement sheet or for new construction, a home construction contract. The documentation must show the participant as the borrower or co-borrower, detail the purchase or construction price, list the address of the residence purchased or constructed and bear an executed date no earlier than 45 days for a purchase of a residence and 180 days for a new construction, from the closing date of the loan. Refinanced or home equity loans do not qualify for the provisions of this Plan.
9. A participant's loan shall be delinquent if any loan payment is not made on the due date. Upon delinquency, the Plan Administrator will send the participant a loan "Late Letter" notifying the participant of the delinquency and how to avoid default status. To avoid the loan being placed in default status, the participant must submit the amount due, via a certified check or money order, directly to the Plan Administrator within the period stated in the loan "Late Letter" letter. If the participant does not remit the loan payment by the due date in the loan "Late Letter", the loan is deemed defaulted and the participant will receive a loan "Default Letter". As a result the following will occur: i) The entire outstanding balance will be a taxable distribution and reported on Form 1099-R and the participant will be subject to income taxes and may be subject to a penalty for premature withdrawal; ii) The defaulted loan will continue to accrue interest until the loan is fully repaid or the participant experiences a distributable event; iii) The participant will be precluded from applying for future loans from the 1973 Defined Contribution Plan even if the defaulted loan is repaid. If an employee position change occurs, First Independence Bank must be notified. If terminated, First Independence Bank must be notified.

# General Retirement System of the City of Detroit 1973 Defined Contribution Plan

## LOAN APPLICATION

### **SECTION 4: Loan Provision Agreement - Continued**

**I Understand And Also Agree To The Following Loan Provisions:**

10. A participant who takes a leave of absence from the City without pay for a period of greater than one month, but not exceeding one year may request that their loan repayments be suspended during the leave through the submission of an "Employee Status Change Form". Interest will continue to accrue during the suspension period. The participant must complete another "Employee Status Change Form" when returning to work and resume the payroll deductions. Participants who take a leave of absence without pay for a period of one year or greater must continue to make their loan payments in accordance with the original loan repayment schedule and submit the certified check or money order directly to the Plan Administrator. Failure to submit an "Employee Status Change Form" may result in a loan default.
  
11. A participant who takes a leave of absence from the City because of military service and does not receive a distribution of his or her account, such period of absence shall not be taken into account as part of the loan period even if the length of military service is greater than the original term of the loan. Upon completion of military service, the loan shall be recalculated and repaid over the original term of the loan. Also, during the absence for military service, the rate of interest shall not be greater than 6% compounded annually. The participant must complete and submit an "Employee Status Change Form" both prior to commencement of military leave and upon return.
  
12. Applicant has 15 business days to accept loan approval. If the participant does not respond within 15 days, they are willing to accept possible lost interest on annuity funds and will have to re-apply for the loan.

I agree to comply with the terms and conditions of the Plan. These terms and conditions are in accordance with federal guidelines. Should I fail to make the required repayments, the unpaid balance will be considered a distribution from my retirement account subject to the distribution rules under Section 72(p) of the Internal Revenue Code. I certify that I am an active participant in the 1973 Defined Contribution Plan.

**Participant's Signature:** \_\_\_\_\_

**Print Name:** \_\_\_\_\_

**Date:** \_\_\_\_\_

Internal Use Only					
Application Received:	Log entered:	Approved or declined:	Reason:	Declination Mailed:	Closing Date & Branch

**SAMPLE INFORMATION ONLY**

**General Retirement System Pension Loan Program  
Payment Estimator & Loan Criteria**

RATE: 8.90%  
PAYMENTS PER YEAR: 26

Total Payments \$Borrowed / Years	General Purpose Loan Time Periods					Residential Purpose Loan Time Periods									
	26 1	52 2	78 3	104 4	130 5	156 6	182 7	208 8	234 9	260 10	286 11	312 12	338 13	364 14	390 15
1,000	(40.26)	(21.03)													
1,500	(60.40)	(31.54)	(21.94)												
2,000	(80.53)	(42.05)	(29.26)	(22.89)											
2,500	(100.66)	(52.56)	(36.57)	(28.61)	(23.86)	(20.71)									
3,000	(120.79)	(63.08)	(43.89)	(34.33)	(28.63)	(24.85)	(22.18)	(20.19)							
3,500	(140.92)	(73.59)	(51.20)	(40.06)	(33.40)	(28.99)	(25.87)	(23.55)	(21.76)	(20.35)					
4,000	(161.06)	(84.10)	(58.52)	(45.78)	(38.17)	(33.14)	(29.57)	(26.91)	(24.87)	(23.26)	(21.95)	(20.88)			
4,500	(181.19)	(94.62)	(65.83)	(51.50)	(42.94)	(37.28)	(33.26)	(30.28)	(27.98)	(26.16)	(24.70)	(23.49)	(22.49)	(21.64)	(20.92)
5,000	(201.32)	(105.13)	(73.15)	(57.22)	(47.72)	(41.42)	(36.96)	(33.64)	(31.09)	(29.07)	(27.44)	(26.10)	(24.99)	(24.05)	(23.25)
5,500	(221.45)	(115.64)	(80.46)	(62.94)	(52.49)	(45.56)	(40.65)	(37.01)	(34.20)	(31.98)	(30.19)	(28.71)	(27.49)	(26.45)	(25.57)
6,000	(241.59)	(126.16)	(87.78)	(68.67)	(57.26)	(49.70)	(44.35)	(40.37)	(37.31)	(34.89)	(32.93)	(31.32)	(29.99)	(28.86)	(27.90)
6,500	(261.72)	(136.67)	(95.09)	(74.39)	(62.03)	(53.85)	(48.05)	(43.74)	(40.42)	(37.79)	(35.68)	(33.93)	(32.48)	(31.26)	(30.22)
7,000	(281.85)	(147.18)	(102.41)	(80.11)	(66.80)	(57.99)	(51.74)	(47.10)	(43.53)	(40.70)	(38.42)	(36.54)	(34.98)	(33.67)	(32.55)
7,500	(301.98)	(157.69)	(109.72)	(85.83)	(71.57)	(62.13)	(55.44)	(50.46)	(46.64)	(43.61)	(41.16)	(39.16)	(37.48)	(36.07)	(34.87)
8,000	(322.11)	(168.21)	(117.04)	(91.56)	(76.35)	(66.27)	(59.13)	(53.83)	(49.74)	(46.52)	(43.91)	(41.77)	(39.98)	(38.48)	(37.20)
8,500	(342.25)	(178.72)	(124.35)	(97.28)	(81.12)	(70.41)	(62.83)	(57.19)	(52.85)	(49.42)	(46.65)	(44.38)	(42.48)	(40.88)	(39.52)
9,000	(362.38)	(189.23)	(131.67)	(103.00)	(85.89)	(74.56)	(66.53)	(60.56)	(55.96)	(52.33)	(49.40)	(46.99)	(44.98)	(43.29)	(41.84)
9,500	(382.51)	(199.75)	(138.98)	(108.72)	(90.66)	(78.70)	(70.22)	(63.92)	(59.07)	(55.24)	(52.14)	(49.60)	(47.48)	(45.69)	(44.17)
10,000	(402.64)	(210.26)	(146.30)	(114.45)	(95.43)	(82.84)	(73.92)	(67.29)	(62.18)	(58.14)	(54.88)	(52.21)	(49.98)	(48.09)	(46.49)

**Criteria:**

- a. All non-union members are eligible to participate in pension loan program
- b. Unions must be approved to be eligible to participate in pension loan program
- c. Minimum loan amount allowed to borrow \$1,000.00
- d. Minimum loan payment amount of \$20.00 per pay period
- e. Loan payment cannot exceed 25% of your net pay after all deduction
- f. Maximum loan amount equal to the lesser of 50% of pension balance or \$10,000
- g. Maximum time period allowed to payback general purpose loan is 5 years
- h. Maximum time period allowed to payback residential loan is 15 years - **MUST PROVIDE RESIDENTIAL PURCHASE OR CONSTRUCTION AGREEMENT**

Mr. Smith has a pension balance total of \$15,575. Mr. Smith would like to borrow \$10,000 to purchase an automobile and pay the loan back over 6 six years. In this example, Mr. Smith can borrow a maximum of 50% of his pension balance or \$7,787.50 and since the proceeds are not being used to purchase a residence, the maximum time period allowed is 5 years.



## **First Independence Bank Consumer Privacy Disclosure**

### Your Privacy

This disclosure is required by law and describes our policies and practices that protect your privacy. Enclosed you will find a description of the information we collect and disclose, including the parties who receive nonpublic information from us.

Protecting the privacy and security of your personal and financial information is important to us. As your local community bank, you have entrusted us with the care of this information, and we understand your concerns about guarding your privacy. We recognize that your relationship with us is based on trust, and keeping financial information secure is one of our most important responsibilities.

### Protection of Information

We restrict access to nonpublic personal information about you to our employees who need the information to properly service your account, act upon your request or to provide products or services to you. We maintain physical, electronic and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

### Collection of Information

We collect nonpublic personal information about you from the following sources:

- Information we receive from you on applications or other forms
- Information about your transactions with our affiliates, others, or us
- Information we receive from consumer reporting agencies

### Nonpublic Personal Information

#### We Disclose

We may disclose all of the information we collect, as described within the three bullet points above, to our affiliates and to non-affiliated companies that perform marketing services on our behalf or to other non-affiliated financial institutions with which we have joint marketing agreements.

We do not disclose any nonpublic personal information about our customers or our former customers to anyone, except as permitted by law.

### Notify Us of Inaccurate Information We Report to Consumer Reporting Agencies.

Please notify us if we report any inaccurate information about your account(s) to a consumer-reporting agency. Your written notice describing the specific inaccuracy (ies) should be sent to us at the following address:

**First Independence Bank  
Attention Compliance Department  
44 Michigan Avenue, Detroit, MI 48226**