

Payroll Deduct repayment

#R-03-35

NATIONAL ASSOCIATION OF COUNTIES DEFERRED COMPENSATION PROGRAM

THE DEFERRED COMPENSATION PLAN FOR PUBLIC EMPLOYEES

LOANS TO PARTICIPANTS AMENDMENT TO PLAN DOCUMENT

WHEREAS, PLAN SPONSOR executed the above referenced Plan Document, as amended: and

WHEREAS, effective 12-11-03, PLAN SPONSOR now desires to further amend the plan document.

The following Section 8.06 is hereby added:

8.06 Loans to PARTICIPANTS

- (a) PLAN SPONSOR has elected to make loans available to PARTICIPANTS and has delegated certain administrative duties regarding loans from the PLAN to the ADMINISTRATOR.
- (b) Any loan by the PLAN to a PARTICIPANT under this Section shall be subject to the loan administrative procedures established by the ADMINISTRATOR as well as the following requirements:
 - (i) Loan Eligibility. Any actively employed PARTICIPANT may apply for loan under the PLAN. A PARTICIPANT who has defaulted on a previous loan from the PLAN shall not be eligible for another loan from the PLAN until all defaulted loans are repaid in full, including accrued interest and fees.
 - (ii) Loan Application and Loan Agreement. A PARTICIPANT must complete and return to ADMINISTRATOR a loan application. A non-refundable application fee established by ADMINISTRATOR will be deducted from the PARTICIPANT'S ACCOUNT(s) at the time of loan origination. Before a loan is issued, the PARTICIPANT must enter into a legally enforceable loan agreement as provided for by the ADMINISTRATOR.
 - (iii) Loan Repayment. The PARTICIPANT receiving a loan shall be required to furnish to ADMINISTRATOR any information and authorization necessary to effectuate repayment of the loan prior to the commencement of a loan. Loan repayments will be made by payroll deduction with after-tax income. The repayments will be invested based on the PARTICIPANT's current investment specifications.

- (iv) **Loan Term and Interest Rate.** The maximum term over which a loan may be repaid is five (5) years (fifteen (15) years if the PLAN SPONSOR permits loans for the purchase of a PARTICIPANT'S principal residence). Each loan shall be amortized in substantially equal payments consisting of principal and interest during the term of the loan, except that the amount of the final payment may be higher or lower. The ADMINISTRATOR shall establish the interest rate for any loan.
- (v) **Loan Frequency.** Each Participant may have only one (1) PLAN loan outstanding at any given time. A PLAN loan which is in default, even if the defaulted loan was treated as a "deemed distribution" under federal regulations, shall be treated as an outstanding loan until such PARTICIPANT'S account balance is offset by the amount of principal and accrued interest under the loan. A PARTICIPANT will be granted a loan no more frequently than two (2) times in any twelve (12) month period.
- (vi) **Default.** The PARTICIPANT must pay the full amount of each loan payment (principal and interest) on the date that it is due. Failure to make such a payment by the due date, or within any cure period established by the ADMINISTRATOR, shall cause the PARTICIPANT to be in default for the entire amount of the loan, including any accrued interest. A loan will also be in default if the PARTICIPANT either refuses to execute, revoke, or rescind any agreement necessary to comply with the provisions of this Section or the loan administrative procedures established by the ADMINISTRATOR, commences or has commenced against PARTICIPANT a bankruptcy case, upon the PARTICIPANT's SEVERANCE FROM EMPLOYMENT, or upon the death of the PARTICIPANT.
- (vii) **Loan Security.** By accepting a loan, the PARTICIPANT is giving a security interest in their vested PLAN balance as of the loan process date, together with all additions thereof, to the PLAN that shall at all times be equal to 100% of the unpaid principal balance of the loan together with accrued interest.
- (viii) **Loan Amount.** The maximum amount of any loan permitted under the PLAN is the lesser of (i) 50% of the PARTICIPANT'S vested account balance less any outstanding loan balances under the PLAN or (ii) \$50,000 less the highest outstanding loan balance during the preceding one-year period. The ADMINISTRATOR shall establish the minimum loan amount. The PARTICIPANT and not the ADMINISTRATOR shall at all times remain responsible for ensuring

that any loan received under the PLAN is in accordance with these limits with regard to any other loans received by the PARTICIPANT under any other plans of the PARTICIPANT's employer.

- (ix) Loan Maintenance Fee. Until a loan is repaid in full, an annual loan maintenance fee as established by ADMINISTRATOR will be deducted from the PARTICIPANT'S ACCOUNT(s).
- (x) Loan Default Fee. At the time when a default occurs, a loan default fee established by ADMINISTRATOR will be deducted from the PARTICIPANT'S ACCOUNT(s).

(c) The ADMINISTRATOR shall fix such other terms and conditions necessary to the administrative maintenance of the provisions of this Section and as necessary to comply with the IRC and regulations there under.

IN WITNESS WHEREOF, the undersigned has executed this Amendment this 11 day of December, 2003.

Grant County
(Name of PLAN SPONSOR)

GRANT COUNTY

By:

Henry Torres
HENRY TORRES, CHAIRMAN

BOARD OF GRANT COUNTY COMMISSIONERS

ATTEST:

Jeff Cartajal
Jeff Cartajal
Grant County Clerk

Approved As To Form:

John B. Hiatt
Grant County Attorney