
DOCUMENT DISCLAIMER

These specimen documents have significant legal and tax implications for which neither Prudential Retirement Services nor its employees and agents may assume responsibility. These specimen documents have been prepared solely as a guide for the Employer's attorney. Consequently, the Plan Administrator's legal advisor must review these documents.

It is understood that Prudential Retirement Services, its employees and agents are not engaged in the practice of law. Thus, no opinion is expressed or implied as to the qualification of the provisions of these plan documents under applicable provisions of the Internal Revenue Code or ERISA.

Preparation of this specimen loan policy was undertaken based on information provided by the Plan Administrator. If any of the information provided was inaccurate or outdated the result could be the disqualification of any plan based on the specimen document we have provided. The Plan Administrator's legal counsel shall be exclusively responsible for carefully reviewing and editing the document provided to confirm its accuracy and suitability.

Employer Name: **Wayne County, Michigan;
Wayne County Airport Authority;
Wayne County 3rd Circuit Court
any other entity that is entitled to participate in the Plan pursuant
to Chapter 141 of the Wayne County Code of Ordinances, Retirement**

Prudential's Assigned Plan Number: **764677**

Plan Name: **WAYNE COUNTY DEFINED CONTRIBUTION PLAN**

RESOLUTION

Wayne County, Michigan
WAYNE COUNTY DEFINED CONTRIBUTION PLAN
764677

RESOLVED: The document attached hereto shall supersede the Policy of the Wayne County Defined Contribution Plan, and shall serve as the separate written loan policy, as required by 29 CFR § 2550.408 b-1(d)(2), authorized by the Plan Administrator, and forming part of the Plan.

1. PRS, a business unit of The Prudential Insurance Company of America, or "Prudential," is authorized to maintain the records of the Participant loan program under the Plan or program named above, and if authorized by Plan Administrator, to follow its systematic loan processing procedures by authorized electronic means or other related method acceptable to Prudential.
2. The procedure for applying for loans, the basis on which loans will be approved or disapproved, maximum and minimum amounts of loans, the procedure for determining a reasonable rate of interest, the collateral required to secure a loan, events constituting default and other important information about the loan program is contained herein, attached hereto.
3. The Plan Administrator is the party responsible for overall control and management of the operation and administration of the plan, including but not limited to, administration of the loan program, exercise of all discretion concerning loans and review and audit of the loan program. Prudential will only serve as a record keeper and service provider and will not exercise discretion as a plan fiduciary.

For the Employer and the Plan By:

Signature: Robert J. Hines

Name/Title: Executive Director WCFRS

Date: 3.8.17

Loan Policy

The Wayne County Defined Contribution Plan permits loans to be made to Participants. To fulfill and supplement that authorization, the Plan fiduciary has modified the loan policy in Article 12. Sections 1 -10, in the following written Loan Policy Addendum, to set forth the rules and guidelines for making Participant loans.

1. **Loans are available under this Article only if such loans:**
 - (a) Are available to Participants on a reasonably equivalent basis (see item 3);
 - (b) Are not available to Highly Compensated Employees in an amount greater than the amount that is available to other Participants;
 - (c) Bear a reasonable rate of interest (as determined under item 4) and are adequately secured (as determined under item 5);
 - (d) Provide for periodic repayment within a specified period of time (as determined under item 6); and
 - (e) Do not exceed, for any Participant, the amount designated under item 7.
2. **Administration of Loan Program.** A Participant loan is available under this Article only if the Participant makes a request for such a loan in accordance with the provisions of this separate written loan policy. To receive a Participant loan, a Participant must sign a promissory note along with a pledge or assignment of the portion of the account balance used for security on the loan. The term "Participant" means a Participant who is a "party in interest" to the Plan (as defined in ERISA §3(14)).

Automated Loans by means of the Participant Transaction Center (Loans Requested via Telephone or Internet) A Participant may apply for a loan by submitting a loan application ("Application"), in a form prescribed by Prudential and consistent with the terms of this Loan Policy, to Prudential by authorized electronic means. The request will be reviewed and approved or denied by an authorized representative of the Plan Administrator by electronic means. The date and time of receipt will be appropriately recorded. (Refer to the Administrative Services Agreement).

There is no Application fee or annual processing fee charged to the Participant or the employer for each new loan. The Plan Administrator as to new loans may increase these fees by notice to or agreement with the record keeper or other party administering loans and repayments.

3. **Availability of Participant Loans.** Participant loans must be made available to Participants in a reasonably equivalent manner. The Plan Administrator may refuse to make a loan to any Participant who is determined to be not creditworthy.

For this purpose, a Participant is not creditworthy if, based on the facts and circumstances, it is reasonable to believe that the Participant will not repay the loan. A Participant who has defaulted on a previous loan from the Plan and has not repaid such loan (with accrued interest) at the time of any subsequent loan will not be treated as creditworthy until such time as the Participant repays the defaulted loan (with accrued interest). However, the primary method of repayment must be through payroll deduction and the Participant must be on the payroll receiving a paycheck and not on a leave of absence

An Employee is not eligible for a loan until he/she is eligible to participate in the Plan.

The Plan will not accept a Direct Rollover of a loan from the plan of a Participant's former employer, unless the employer is a listed employer of the Plan.

4. **Loan Rate Monitoring**

Applicable law requires participant loans to bear a reasonable rate of interest. A rate is reasonable if it provides the Plan with a return commensurate with commercial rates for loans made under similar circumstances. In general, a Plan's written loan policy will describe the procedure for determining a reasonable rate of interest. By retaining Prudential, the Plan Sponsor decides to follow the common practice of determining the interest by reference to the "bank prime rate." Unless the Plan Sponsor directs Prudential otherwise, Prudential will make any necessary rate changes based upon the "bank prime rate" plus 1% reported by the U.S. Federal Reserve on the last business day of a calendar quarter effective for loans made on and after the first business day of the subsequent quarter. The maximum interest rate charged to any Participant while on military leave is 6%. The source for the rate will be www.federalreserve.gov or other websites that may provide the same information.

a. The interest rate on Participant loans will be declared quarterly; however, the Plan reserves the right to change the basis for determining the interest rate prospectively with thirty (30) days notice.

b. These rates will only apply to a loan issued after the change(s) takes effect.

5. **Adequate Security.** All Participant loans must be adequately secured. The Participant's vested account balance shall be used as security for a Participant loan provided the outstanding balance of all Participant loans made to such Participant does not exceed 50% of the Participant's vested account balance, determined immediately after the origination of each loan, and if applicable, the spousal consent requirements described in item 9 have been satisfied.

6. **Periodic Repayment.**

A Participant loan must provide for level amortization with payments to be made not less frequently than quarterly. A Participant loan must be payable within a period not exceeding five (5) years from the date the Participant receives the loan from the Plan, unless the loan is for the purchase of the Participant's principal residence, in which case the loan must be payable within a reasonable time commensurate with the repayment period permitted by commercial lenders for similar loan.

Loans used to acquire any dwelling unit, which, within a reasonable time, is to be used as a principal residence of the Participant, shall allow for a repayment of up to fifteen (15) years. A copy of the purchase contract or a signed statement from the Participant confirming that the proceeds will be used to purchase or build a principal residence within a stated short period of time will be the level of proof used to determine whether a loan is being used to buy a principal residence.

Loan repayments will be made by a deduction from each payroll following issuance of the loan. Repayment will begin as soon as is administratively practicable following issuance of the loan, but no more than 2 months from the date the loan is issued. The Plan Administrator intends to remit repayments by payroll deduction substantially with 30 calendar days from the loan issuance date. (If not completed the default will be 45 calendar days).

Should loan repayments not be possible from payroll, payments will be due directly from the Participant by check or similar payment method. Should a Participant not be expected to be able to use payroll repayment, or to return promptly to payroll payment, the Plan Administrator may authorize regular payment no less frequently than quarterly on a revised schedule of amount and payment dates calculated to repay the loan with interest in full in substantially equal payments over the remaining original period of the loan.

Loans may be paid in full or prepaid in part at any time without penalty. Any amount paid which is in excess of the amortized scheduled payments then due, but less than the total outstanding balance, will be applied to the principal of the loan, unless otherwise directed by the Participant or an authorized representative of the Plan Administrator as of the trade date of receipt. Prepayments will not change the amount or timing of subsequent payments due prior to payoff of the loan, but will simply reduce the total number of payments to be made. Participants may contact the record keeper in order to obtain a payoff quote that is valid for 10 business days.

Leave of Absence.

Unpaid leave of absence. The Plan may suspend payments for a period not exceeding one year during a Participant's non-military leave of absence. Interest on the loan continues to accrue during the suspension. To qualify

for payment suspension, a leave of absence may be without pay from the employer or at a rate of pay, after tax withholding, less than the loan installment payment amount.

Post-suspension payments. Loan repayments must commence upon completion of the leave of absence. Payments after the leave of absence suspension may not be less than the original payment amount. Furthermore, the Participant must repay the loan by the latest date for repayment of the loan. The Plan requires that the loan be repaid by the original due date, or if the original loan term is less than five years, the Plan may permit repayment by the end of five years. The suspension of payment provision may increase post-suspension payments. Upon the Participant's return, an authorized representative of the Plan Administrators will authorize that the loan be re-amortized to require equal payments that will repay the loan by the latest due date. The suspension of payments provision will increase post-suspension payments.

Military leave. The Plan suspends loan payments for any period such Participant is on military leave, in accordance with Code §414(u)(4).

Interest. Interest on the loan continues to accrue during the period of suspension. Military leave personnel with loans will have further rights as determined by the Soldiers and Sailors Civil Relief Act (generally limiting the Annual Percentage Rate (APR) to 6% during periods of military leave). Service Members Civil Relief Act of 2003 requires that in order for the 6% APR to apply, the Participant must provide the plan sponsor with the Military Orders within 180 days after military service ends.

Repayment Deadline. The military employee must repay the loan in full by the end of the period equal to the *original term* of the loan *plus* the period of *military service*. However, if the original term of the loan was for less than 5 years, the term of the loan may be extended to up to 5 years plus the period of military service.

Post-suspension payments. Loan repayments must commence upon completion of the period of military service. The amount and frequency of the post-suspension installments must satisfy the terms of the original loan. The suspension of payment provision may increase post-suspension payments. Upon the Participant's return, an authorized representative of the Plan Administrator will authorize that the loan be re-amortized to require equal payments that will repay the loan by the latest due date. The suspension of payments provision will increase post-suspension payments.

7. Loan Limitations

The amount advanced, when added to the outstanding balance of all other loans to the Participant from this Plan or any other qualified retirement plan adopted by the Plan Administrator or an Affiliate, may not exceed the lesser of (a) or (b):

(a) \$50,000 reduced by:

The Participant's highest outstanding balance of all loans from the Plan (or any other qualified retirement plan adopted by the Participant's Employer or an Affiliate) during the one-year period ending on the day before the date on which such loan is made; less

The aggregate outstanding balance of all loans from the Plan (or any other qualified retirement plan adopted by the Plan Administrator or an Affiliate) on the date the loan is to be made.

(b) The greater of:

50% of a Participant's vested accrued benefit

In applying the limitations under this Section, all plans maintained by the Plan Administrator are aggregated and treated as a single plan. In addition, any assignment or pledge of any portion of the Participant's interest in the Plan and any loan, pledge, or assignment with respect to any insurance contract purchased under the Plan will be treated as loan under this Section.

For purposes of this limit, an "outstanding loan" includes a loan for which a "deemed distribution" has occurred, following the borrower's default and pursuant to Treas. Reg. §1.72(p)-1, unless the borrower repays the outstanding balance of the defaulted loan (including accrued interest through the date of repayment).

- Employer Contributions
- Employee After Tax Contributions
- Rollover Contributions

The minimum amount that may be borrowed by a Participant shall be \$1000

The number of loans allowed is subject to the terms of the Participant's Collective Bargaining Agreement or Benefit Plan document; however, the number of loans shall not exceed 2.

Refinancing is not permitted under this Plan.

A Participant who initiates 1 (one) loan must wait 60 days before initiating a 2nd loan

8. Segregated Investments.

A Participant loan is treated as a segregated investment on behalf of the individual Participant for whom the loan is made. If the Plan Administrator does not adopt procedures designating the type of contributions from which the Participant loan will be made, such loan is deemed to be made on a proportionate basis from each type of contribution.

Unless requested otherwise on the Participant's loan application, a Participant loan will be made equally from all investment funds in which the applicable contributions are held. A Participant or Beneficiary may direct the Trustee, on his/her loan application, to withdraw the Participant loan amounts from a specific investment fund or funds. Loan repayments will be invested according to the Participant's investment allocation for current contributions.

9. Spousal Consent.

Spousal consent is required for loans.

Any spousal consent required under this Section must be in writing, must acknowledge the effect of the loan, and must be witnessed by an authorized plan representative or notary public. Any such consent to use the Participant's account balance as security for a Participant loan is binding with respect to the consenting spouse and with respect to any subsequent spouse as it applies to such loan. A new spousal consent will be required if the account balance is subsequently used as security for a renegotiation, extension, renewal, or other revision of the loan. A new spousal consent also will be required only if any portion of the Participant's account balance will be used as security for a subsequent Participant loan.

10. Procedures for Loan Deferrals.

If the Plan does not receive payment on a loan on a timely basis for whatever reason, regardless of whether the borrower normally makes repayment by salary deduction or direct payment, the loan will be considered in default unless payment is made within a grace period. The grace period will be within 90 days (if not completed the default will be 90 days) after each due date, but may be extended by determination of the Plan Administrator to the date the late payment is actually made for specific causes that are beyond the Participant's control and are consistently determined and applied on a nondiscriminatory basis. In no event may the grace period extend beyond the end of the calendar quarter following the calendar quarter in which the payment was originally due.

Loans default upon a determination by the Plan Administrator (or its agent), consistently determined and applied on a nondiscriminatory basis, due to the following:

- (a) Failure to make a payment of principal and interest when due (including within any grace period allowed under loan procedures used for the Plan);
- (b) Death of the Participant;
- (c) Any statement or representation by the Participant in connection with the loan which is false or incomplete in any material respect;

- (d) Failure of the Participant to perform or comply with any obligations imposed by any agreement executed by the Borrower securing his loan obligation; and any other conditions or requirements set forth within a Promissory Note or Truth In Lending Statement and other Loan Documentation;
- (e) Participant's employment with the employer sponsoring the Plan terminates and the grace period following the due date has expired.

11. Loan Default

A Participant will be considered to be in default with respect to a loan if any scheduled repayment with respect to such loan is not made by the end of the calendar quarter following the calendar quarter in which the missed payment was due.

If a Participant defaults on a Participant loan, the Plan may not offset the Participant's account balance until the Participant is otherwise entitled to an immediate distribution of the portion of the account balance that will be offset and such amount being offset is available as security on the loan, pursuant to item 5. For this purpose, a loan default is treated as an immediate distribution event to the extent the law does not prohibit an actual distribution of the type of contributions which would be offset as a result of the loan default (determined without regard to the consent requirements, so long as spousal consent was properly obtained at the time of the loan, if required. The Participant may repay the outstanding balance of a defaulted loan (including accrued interest through the date of repayment) at any time.

Pending the offset of a Participant's account balance following a defaulted loan, the following rules apply to the amount in default. Post default interest accrual on a defaulted loan applies to loans initiated after December 31, 2001.

- (a) Interest continues to accrue on the amount in default until the time of the loan offset or, if earlier, the date the loan repayments are made current or the amount is satisfied with other collateral.
- (b) A subsequent offset of the amount in default is not reported as a taxable distribution, except to the extent the taxable portion of the default amount was not previously reported by the Plan as a taxable distribution.
- (c) The post-default accrued interest included in the loan offset is not reported as a taxable distribution at the time of the offset.

12. Termination of Employment

(a) Offset of outstanding loan. A Participant loan becomes due and payable in full immediately upon the Participant's termination of employment. However, upon a Participant's termination, the Participant may repay the entire outstanding balance of the loan (including any accrued interest) within 90 days following termination of employment as long as they do not take a distribution. If the Participant does not repay the entire outstanding loan balance or if a distribution is taken, the Participant's vested account balance will be reduced by the remaining outstanding balance of the loan (without regard to the consent requirements, so long as spousal consent was properly obtained at the time of the loan, if required under item 9), to the extent such account balance is available as security on the loan, pursuant to item 5, and the remaining vested account balance will be distributed in accordance with the distribution provisions under the Plan.

(b) If the outstanding loan balance of a deceased Participant is not repaid, the outstanding loan balance shall be treated as a distribution. The amount of a Participant's Account that is distributable to the Participant's Beneficiary shall be reduced by the portion of the vested interest to repay the loan. Participant may not request a Direct Rollover of the loan note.