

ORIGINAL

**EL DORADO COUNTY 457 PLAN AND TRUST
RESTATED AND AMENDED
DEFERRED COMPENSATION PLAN AND TRUST/CUSTODIAL DOCUMENT
FOR PUBLIC EMPLOYEES**

LOANS TO PARTICIPANTS AMENDMENT TO PLAN DOCUMENT

WHEREAS, El Dorado County (“Plan Sponsor”) executed the above referenced Plan Document, as amended; and

WHEREAS, effective _____, the Plan Sponsor now desires to further amend the plan document.

The following Section 16.1 is hereby added:

16.1 Loans to Participants

- (a) The Authority 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 Participant may apply for a loan from 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 the Administrator a loan application. A non-refundable application fee established by the 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 the Administrator any information and authorization necessary to effectuate repayment of the loan prior to the commencement of a loan. In the event that a payment cannot be processed because of lack of sufficient funds, the Administrator shall assess an insufficient funds charge, which will be deducted from the Participant’s Account(s).

- (iv) **Loan Term and Interest Rate.** The maximum term over which a loan may be repaid is five (5) years (or fifteen (15) years if El Dorado County 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.
- (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, 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 one hundred percent (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) fifty percent (50%) of the Participant's vested account balance less any outstanding loan balances under the Plan or (ii) \$50,000.00 less the highest outstanding loan balance during the preceding one-year period. The minimum loan amount shall be \$1,000.00. 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 El Dorado County .

- (ix) **Loan Maintenance Fee.** Until a loan is repaid in full, an annual loan maintenance fee established by the 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 the Administrator will be deducted from the Participant's Account(s). This Loan Default Fee will be applied on an annual basis thereafter on the anniversary of the default date until the loan is repaid upon the occurrence of a distributable event.

(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 _____ day of _____, 2009.

El Dorado County :

By: