THE ASSOCIATION OF UNIVERSITIES FOR RESEARCH IN ASTRONOMY, INC. 403(B) SAVINGS PLAN

Loan Policy Statement

Definitions:

Loan Administrator: The person or persons responsible for administering and approving plan loans, as defined and appointed by the Plan Sponsor.

Recordkeeper: Fidelity Investments Institutional Operations Company.

Accounts: Accounts used to calculate and fund the available loan amount include the following sources with investments in mutual funds custodied by Fidelity:

- ☒ **Salary Deferral**
- ☒ **Rollovers**

1 ***In General.*** Upon the written request of an Eligible Borrower on a form acceptable to the Recordkeeper, and subject to the conditions of this document, the Loan Administrator shall direct the Recordkeeper to make a loan from the Plan to the Eligible Borrower. For purposes of this document, an "Eligible Borrower" is a Participant who is an Employee. (This definition may be expanded to include other Plan-specific requirements.)

2 ***Rules and Procedures.*** The Loan Administrator shall promulgate such rules and procedures, not inconsistent with the express provisions of this document, as it deems necessary to carry out the purposes of these procedures. All such rules and procedures shall be deemed a part of the Plan for purposes of the Department of Labor Regulation §2550-408b-1(d). Loans shall not be made available to Eligible Borrowers who are Highly Compensated Employees in an amount determined under Department of Labor Regulation §2550-408b-1(b)) greater than the amount made available to other Eligible Borrowers.

3 ***Spousal Consent.*** A participant must obtain the consent of his or her spouse, if applicable, to use a Participant Account as security for the loan. Spousal consent shall be obtained no earlier than the beginning of the 90-day period that ends on the date on which the loan is to be so secured. The consent must be in writing, must acknowledge the effect of the loan, and must be witnessed by a Plan representative or notary public. Such consent shall thereafter be binding with respect to the consenting spouse or any subsequent spouse with respect to that loan.

4 ***Maximum Amount of Loan.*** The following limitations shall apply in determining the amount of any loan to an Eligible Borrower hereunder:

4(a). The amount of the loan, together with any other outstanding indebtedness of the Eligible Borrower under the Plan or any other qualified retirement plans of the Related Employers, shall not exceed $50,000 reduced by the excess of (i) the highest outstanding loan balance of the Eligible Borrower from such plans during the one- year period ending on the day prior to the date on which the loan is made, over, (ii) the Eligible Borrower's outstanding loan balance from such plans immediately prior to the loan.

4(b). The amount of the loan shall not exceed 50% of the Eligible Borrower's vested interest in his or her Accounts.

5 ***Minimum Amount of Loan.*** The minimum loan for any single loan under the Plan is **$1,000**.

6 ***Number of Loans.*** Only **one** loan may be outstanding at any one time. Plan loans currently outstanding at TIAA count toward the one loan maximum.

7 ***Note; Security; Interest.*** Each loan shall be evidenced by a note signed by the Eligible Borrower and shall be secured by 50% of the Eligible Borrower's vested interest in his or her Accounts, including in such security the note evidencing the loan. **The loan shall bear interest at a rate of Prime plus 1%. Prime is defined as the Reuters prime rate based at the end of the previous quarter (rate is reviewed once a quarter).**

8 ***Repayment.*** Loans shall be repaid through after-tax payroll deduction through the Employer, in the format required by the Recordkeeper, and will be invested according to each participant's current investment allocations. The documents evidencing a loan shall provide that payments shall be made not less frequently than bi-weekly and over a specified term as determined by the Loan Administrator (no less than 1 year and not to exceed five years. For loans being applied toward the purchase of a principal residence for the Eligible Borrower, the minimum term of the loan is 1 year and the maximum term of the loan will be 15 years) such documents shall also require that the loan be amortized with level payments of principal and interest. A loan may be repaid in full at any time. Partial prepayments will be accepted. Loans will not be eligible for re-amortization or refinancing.

9 ***Repayment Upon Distribution.*** Upon default, death, disability or full-payout distribution your entire outstanding principle and accrued interest will be immediately due and payable. Additionally, you will be deemed to have received a taxable distribution from the Plan, whether or not a distribution has occurred. Your loan will be in default if any scheduled repayment remains unpaid at the end of the period specified in the separate loan documents or if there is an outstanding principle balance existing on a loan after the last scheduled repayment date. Upon termination your remaining principal loan will be re-amortized to monthly payments and you may continue to make payments in a manner as required by the Recordkeeper.

10 ***Default.*** The Administrator shall treat a loan in default if:

(a) any scheduled repayment remains unpaid at the end of the period following the period in which the scheduled repayment was due (unless payment is not made due to a waiver of the amortization schedule for a "participant" who is on a leave of absence), or

(b) there is an outstanding principal balance existing on a loan after the last scheduled repayment date.

Upon default or termination of employment, either, the entire outstanding principal and accrued interest shall be immediately due and payable, or you may re-amortize the remaining principal to monthly payments to be made in a manner as required by the Recordkeeper. If a distributable event (as defined by the Code) has occurred, the Administrator shall direct the Trustee to foreclose on the promissory note and offset the "participant's" vested interest in his Account by the outstanding balance of the loan. If a distributable event has not occurred, the Administrator shall direct the Trustee to foreclose on the promissory note and offset the "participant's" vested interest in his Account as soon as a distributable event occurs. The Trustee shall have no obligation to foreclose on the promissory note and offset the outstanding balance of the loan except as directed by the Administrator.

11 ***Note as Plan Asset.*** The note evidencing a loan to an Eligible Borrower under this document shall be an asset of the Plan which is allocated to the Accounts of such Eligible Borrower and shall for purposes of the Plan be deemed to have a value at any given time equal to the unpaid principal balance of the note plus the amount of any accrued but unpaid interest.

12 ***Nondiscrimination.*** Loans shall be made available under these procedures to all Eligible Borrowers on a reasonably equivalent basis, except that the Loan Administrator may make reasonable distinctions based on creditworthiness.

13 ***Fees.*** A $75.00 loan application fee must accompany the Participant's loan application in order to be processed. A $6.25 fee will be deducted from the Participant's Account on a quarterly basis in addition to the loan application fee.

<u>Resolution</u>

*Resolved, AURA Retirement Plan Oversight Committee, hereby adopts the Policy & Procedures: Loans to Participants, effective December 6, 2018.

By: Elvira Urquidez Digitally signed by Elvira Urquidez Date: 2019.03.15 14:13:53 -07'00'

Elvira Urquidez
AURA Retirement Plan Administrator

*Approval documented in December 6, 2018 meeting minutes