

**ARIZONA UNIVERSITY SYSTEM VOLUNTARY 403(b) PLAN
LOAN POLICY
UPDATED 7/1/2014**

The Arizona University System Voluntary 403(b) Plan ("Plan") adopts the following loan policy pursuant to the terms of the Plan. As a Participant under the Plan, you may receive a loan only as permitted by this loan policy and to the extent permitted by the Participant's individual agreement.

1. **LOAN APPLICATION/FEES.** Any Plan Participant may apply for a loan from an approved Plan provider (Fidelity and TIAA-CREF). For purposes of this loan policy, the term "Participant" mean any participant with respect to the Plan who is currently employed by the employer. A participant can apply for a loan only with an approved Plan provider. A Participant must apply for a loan by completing a Loan Application and reviewing the Loan Disclosure Statement. Upon approval and issuance of the loan, there may be an initiation/set-up fee, as negotiated by the Arizona Board of Regents through the Request for Proposal (RFP) process, charged to the Participant's account.

2. **LIMITATION ON LOAN AMOUNT/PURPOSE OF LOAN.** Loans will not be approved for an amount that exceeds 50% of the Participant's vested accrued benefit, as reflected by the books and records of the Plan, reduced by the current outstanding balance of all loans from the Plan as of the date of the loan. The maximum dollar amount of a new loan to any Participant may not exceed \$50,000, reduced by the highest outstanding loan balance of all loans from the Plan during the 12 month period immediately preceding the date of this loan. A Participant may not request a loan for less than \$1,000.00. A Participant may have one general purpose loan and one home loan outstanding.

3. **EVIDENCE AND TERM OF LOAN.** The loan will be documented by a promissory note signed by the Participant for the amount of the loan, together with a commercially reasonable rate of interest. The interest rate may be fixed or variable, depending on the loan provider.

General purpose loans may be for a period of not less than 12 months nor more than five years. A loan for the purchase of a home may be for a period of not less than 12 months nor more than 15 years. A "Home Loan" is a loan used to purchase a dwelling unit which the Participant will use as a principal residence within a reasonable time. For a loan to be considered a "Home Loan" the Participant must provide a signed statement confirming loan proceeds will be used to purchase a principal residence within a stated short period of time.

The loan must provide at least quarterly payments under a level amortization schedule. The Participant receiving a loan from the Plan must enter into an Automated Clearing House ("ACH") debit agreement to repay the loan from the Participant's personal bank or savings account. Upon termination with the employer, any Participant

with active loans will be required to either repay the loan in full or continue with the ACH debit agreement.

Loan payments may be suspended, if available from your loan provider, for a period not exceeding one year when a Participant is on an approved leave of absence without pay (or is on leave at a pay rate, after applicable withholdings, that is lower than the loan payments). If the Participant is on a leave of absence due to the performance of military service, loan payments may be suspended, regardless of the loan provider, for the entire period of the military leave. In either case, the loan will accrue interest during the period of leave. Upon return from a period of non-military leave, the loan will be reamortized such that (i) the loan (and the interest that accrued during the leave of absence) is paid off within 5 years from the original date of a general purpose loan (or within 15 years from the original date of a Home Loan); and (ii) the amount of each payment is not less than under the terms of the original loan. Upon return from a period of military leave, the loan will be reamortized such that the loan (and the interest that accrued during the leave of absence) will be paid off over a period equal to the original term of the loan plus the period of military leave.

If a general purpose loan is not fully repaid five years after the date of the loan, any amount due at that time is considered a taxable distribution. This is also applicable sooner if the loan is in the default.

If a Home Loan is not fully repaid after 15 years after the date of the loan, any amount due at the time is considered a taxable distribution. This is also applicable sooner if the loan is in default.

4. **SECURITY FOR LOAN.** A Participant must secure each loan with an irrevocable pledge and assignment of an amount equal to the amount of the loan amount of the Participants accrued benefit under the Plan.

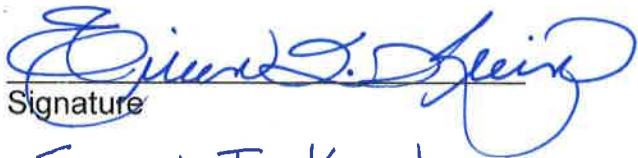
5. **DEFAULT/RISK OF LOSS.** The loan will be considered in default in these instances:

- a) if any scheduled payment remains unpaid on the last day of the calendar quarter following the calendar quarter in which the payment is due; or
- b) if there is any representation of statement to the Plan by or on behalf of the Participant which proves to have been false in any material respect; or
- c) upon the dissolution, insolvency, business failure, appointment of receiver of any part of the property of , assignment for the benefit of creditors by, or the commencement of any proceeding under any bankruptcy or insolvency laws of, by or against the Participant.

A default will be considered a deemed distribution which is taxable event under the terms of the Plan. The loan will be offset in the Participant's account upon the

occurrence of a distributable event under the Plan. Pending final disposition of the note, the Participant remains obligated for any unpaid principal and accrued interest.

This loan program is not intended to place other Participants at risk with respect to their interests in the Plan. In this regard, any Participant loan will be administered as a participant-directed investment of that portion of the Participant's vested account balance equal to the outstanding principal balance of the loan. The Plan will credit that portion of the Participant's account balances with interest earned on the note and with principal payments received by the Participant. The Participant's account balance may be charged with expenses related directly to the maintenance and collection of the note (i.e., annual loan maintenance fee) as negotiated by the Arizona Board of Regents through the RFP process.

BY: 
Signature

EILEEN I. KLEIN
Name

PRESIDENT
Title

22 May 2015
Date