

Employer CARES Act Loan Provision Election Form

Plan Name: _____

Plan Number: _____ Effective Date: _____

The Coronavirus Aid, Relief, and Economic Security Act (CARES ACT) that was signed into law on March 27, 2020 had several provisions that impact loans. This form can be used by the plan sponsor to provide directions regarding these provisions.

General Information for Plan Sponsors

- The regulatory changes regarding loans that were included in the CARES Act are as follows:
 - The maximum loan limit for Coronavirus related loans can be increased to the lesser of \$100,000 or 100% of the eligible participant's vested balance; effective for 180 days from March 27, 2020, and
 - Loan payments due between March 27, 2020 and December 31, 2020 can be delayed for one year, inclusive of loans that predate the CARES Act. Any subsequent repayments must be adjusted to reflect the delay and interest accrued during the delay.
- Although a plan may elect to operationally take advantage of the new loan provisions immediately, a plan amendment will be required to take advantage of the above relief provided by the CARES Act. Such amendments would need to be made by the end of the first plan year beginning on or after January 1, 2022 or such later date as the Secretary of the Treasury sets. For Merrill Prototype documented plans, Bank of America will prepare amendment.
- All of the existing loan provisions established for your plan continue to apply. If you wish to make any changes to your plan's loan provisions please contact your Client Service Manager for next steps.

CARES Act Loan Provision Elections by Plan Sponsors

The provisions noted below will not apply unless you affirmatively elect to have them apply.

The plan will permit an increase of the maximum loan limit to the lesser of \$100,000 or 100% of the participant's vested balance for Coronavirus related loans.

- Participants will call the contact center to request a manual loan be processed under the increased loan limits. As part of the process participants must certify they are CARES Act eligible.
- Bank of America will review and process the loans typically within 10 business days of receipt of the request.
- Spousal consent will be required for married participants with sources of money requiring spousal consent.

☐ **I elect to have the provision apply.**

The plan will permit the loan repayment delay for up to 1 year for outstanding loans that have a repayment date due from March 27, 2020 to December 31, 2020, including repayments due on separation from service.

The loan repayment deferral process will be as follows:

- Participants call the contact center to request to have their eligible loan(s) deferred. Loans eligible for loan repayment deferment will be those that are not in default status or are within the plan's cure period.
- The contact center will have the participant certify he or she is eligible for CARES Act relief.
- Bank of America will place a loan default / delinquency bypass flag on the loan(s).
- Bank of America will provide the plan sponsor a listing of plan loans that have been setup under deferment.
- Plan sponsor coordinates with their payroll provider to have the loan repayments stopped.

☐ **I elect to have the provision apply.**

By signing below, I certify that I have read and understand the information contained in this document. If the plan will permit deferral of loan repayments, we have confirmed with our payroll provider that they have a process to stop loan repayments. I hereby direct Bank of America to implement any affirmative elections made above as soon as possible. I further acknowledge we will adopt any Plan amendment needed to accommodate any of the above affirmative elections made before the required adoption date.

Authorized Signature: _____ Date: _____

Print Name and Title: _____

For plan sponsor use only.