Ventura County 401(k) Shared Savings Plan
Loan Rules and Procedures
(Revised August 6, 2019)

General Information and Rules

1. Active 401(k) Shared Savings Plan participants, who have been Plan participants for at least 12 months, and who have not defaulted on any prior Plan loans in the preceding three years, may borrow from their accounts without regard to need or hardship. The purpose of the loan need not be disclosed.

2. The minimum loan amount is $1,000. The maximum loan amount (when added to the outstanding balance of all other Plan loans) may not exceed the lesser of the following:

   a) 50% of the participant's vested account, or

   b) $50,000 reduced by the highest outstanding loan balance in the previous twelve months less the outstanding balance of loans on the date the loan is to be made.

3. A participant may only have two outstanding loans at any time except for participants who had more than two loans as of June 13, 2006. These participants will be allowed to continue making payments on their loans until such time as all loans in excess of two are paid off. Thereafter, these participants may only have two outstanding loans at any time.

4. If a loan is treated as a deemed distribution (defaulted) due to nonpayment, the outstanding unpaid balance of the loan, plus accrued interest, continues to be counted as an outstanding loan for purposes of the loan limit described in Rule 2 and the outstanding loans limit in Rule 3.

5. The loan interest rate will be the same as the Reuters prime rate as of the first day of the quarter in which the loan is effective and will remain in effect for the term of the loan.

6. The participant is responsible for any fees required to process and service the loan. Fidelity charges a loan set-up fee for each loan, and a quarterly loan maintenance fee on each outstanding loan, including loans that have defaulted due to nonpayment. Both Fidelity fees are deducted from the participant's account and are subject to change at any time.

7. The Plan will accept a rollover loan, provided that the participant rolls over an account balance sufficient to serve as collateral for the loan. However, the Plan will not accept a rollover loan that has been treated as a taxable distribution. Any rollover loans will be subject to the fees, maximum repayment period, and all other loan rules contained herein. The participant will be required to enter into an agreement to repay the loan consistent with current loan payment requirements.

8. The Deferred Compensation Committee will not transact a voluntary loan default in the event of a participant's hardship. The Deferred Compensation Committee will not require that the participant's account balance be retained as collateral when determining the amount that can be withdrawn by the participant as a hardship withdrawal.

Administrative Procedures and Rules

9. A participant initiates a loan by contacting Fidelity Investments. Fidelity will send the participant a loan agreement and the loan funds. Said loan agreement also serves as a promissory note for the loan. The participant reviews and endorses the loan check, which includes the loan agreement and the authorization for Fidelity to initiate the loan repayment with the employer. The participant can then deposit the funds and is considered to have agreed to the terms and conditions of the loan agreement.

10. Loan proceeds will be deducted from the participant's account(s) pursuant to the Plan in a manner determined by Fidelity.

Repayment Procedures and Rules

11. The loan repayment period will be a maximum of 130 County of Ventura or Court pay periods, in increments of 26 pay periods: one year (26 pay periods), two years (52 pay periods), three years (78 pay periods), four years (104 pay periods), or five years (130 pay periods). The repayment period may be amended with the consent of the Deferred Compensation Committee, so long as it does not exceed five years.

12. Until the loan is paid in full, a payroll deduction will be made each pay period in an amount to be determined by Fidelity, except in the case of a loan that has defaulted due to nonpayment, in which case the participant has the option of requesting the payroll deductions be discontinued.

13. Loan payments will be in equal amounts each pay period, generally commencing within two pay periods following receipt of the loan proceeds.

14. Biweekly loan repayments may be increased at any time in a multiple of the original loan payment. Once loan payments are increased, they cannot be subsequently reduced.

15. Full or partial repayment of the outstanding loan balance may be made without penalty at any time by sending payment directly to Fidelity. The amount for a full repayment will be determined by Fidelity.

16. Once repayment of a loan has been completed a new loan cannot be initiated for a period of 15 calendar days.

17. The repayment proceeds will be put into a separate loan fund for each participant and will be directed to the investment option(s) selected as if the repayment were a current savings contribution.

18. The maximum loan repayment period is five years, commencing on the date of the first required loan repayment. In the sole discretion of the Deferred Compensation Committee, a loan application may be denied if the Committee deems its purpose is to violate this rule.

19. The County of Ventura Auditor-Controller will receive an electronic file from Fidelity containing loan information. The County of Ventura Auditor-Controller will process this file upon written approval from the Deferred Compensation Program.

20. The Superior Court has announced its intention to separate from the County of Ventura's payroll system. Until the Court separates from the County of Ventura's payroll system, it will operate under procedures established by the County of Ventura Auditor-Controller. Once the Court separates and is no longer contracting for payroll services from the County of Ventura Auditor-Controller, the Court will receive an electronic file from the Deferred Compensation Program containing loan information for Court employees.

21. If a participant is on leave without pay, or on leave at a rate of pay (after applicable withholdings) that is less than the amount of the payments required under the loan, and such leave lasts for a period of one year or less, the participant will not be required to make loan payments while on leave, unless the participant has enough available income to make a partial payment in which case the participant will only be required to make partial payments while on leave. However, upon return from leave, the participant's loan payments shall be increased to the extent necessary to ensure that the loan (and all interest accrued during the participant's leave) is repaid within the maximum 5-year repayment period.

22. If a participant is on leave without pay, or on leave at a rate of pay (after applicable withholdings) that is less than the amount of the payments required under the loan, and such leave lasts for a period of one year or longer, the participant must continue to make loan payments on a monthly or biweekly basis to Fidelity. It is the participant's responsibility to contact Fidelity and make arrangements for these loan repayments. Failure to make these required loan payments may result in loan default. This paragraph shall not apply to participants subject to the special rules for military personnel described in Rule 24.

23. If a participant is on leave without pay, or on leave at a rate of pay (after applicable withholdings) that is less than the amount of the payments required under the loan, and the participant has a loan with a 5-year repayment period, and the end of the 5-year repayment period occurs during the leave, the participant is required to make payments to pay off the loan within the 5-year period by making loan payments on a monthly or biweekly basis to Fidelity. It is the participant's responsibility to contact Fidelity and make arrangement for these loan repayments. Failure to make these required loan payments may result in loan default. This paragraph shall not apply to participants subject to the special rules for military personnel described in Rule 24.

24. Any loans still outstanding when a participant retires or otherwise terminates employment will be repaid through payments directly to Fidelity. These payments will be made through Automated Clearing House (ACH). It is the participant's responsibility to contact Fidelity and make arrangements for loan repayment after separation from service. If the participant fails to make payments for any 60-day period, the outstanding loan balance will be considered a taxable distribution. The outstanding loan balance may also be considered a taxable distribution if the participant elects a distribution of their account, either as cash or as a rollover to an IRA or other qualified plan, unless the other qualified plan will accept the loan as a rollover loan.

Special Rules for Military Personnel

25. Subject to the provisions of the Uniformed Services and Reemployment Rights Act (USERRA), special rules apply for participants who are absent from their civilian job to serve in the uniformed military branches. These rules include:

   a) Loan payments may be suspended for any period of time during which a participant is on a military leave of absence.

   b) No loan will be defaulted as a result of payments suspended during such leave, although interest will continue to accrue on the outstanding loan balance during the military leave. Interest accruing on a loan during the participant's military leave may not exceed 6%, compounded annually.

   c) Loan payments must recommence upon completion of military service.

   d) The length of the military leave can extend the loan repayment period even if the total term of the loan will exceed the maximum 5-year repayment period.

   e) If the term of the loan is extended following a participant's return from military leave, the participant's loan payments shall be increased to the extent necessary to ensure that the loan (and all interest accrued during the military leave) is repaid within the maximum 5-year repayment period, as extended by the period of military leave.

These Rules may be amended at any time by the Deferred Compensation Committee and are at all times subject to the provisions of the Internal Revenue Code and regulations issued thereunder. For any questions on the 401(k) Shared Savings Plan loan program, contact Fidelity at 800/343-0860 or the Deferred Compensation Program at 805/654-2620 or by e-mail at deferred. compensation@ventura.org.