PARTICIPANT LOAN PROGRAM

FOR
The City and County of Denver
Section 457 Deferred Compensation Trust

GENERAL

This instrument constitutes the loan program authorized by section 5.14 of the Plan, and is intended to comply with Internal Revenue Code ("Code") § 72(p)(2), § 457, and all applicable regulations issued thereunder. Loans shall be made available to all Participants on a reasonably equivalent basis without regard to an individual’s race, color, religion, sex, sexual orientation, age or national origin. This Loan Program shall be deemed a part of the Plan and shall be established and administered for the exclusive purpose of providing loans to Participants. The Loan Program allows one loan at a time. Loans may be granted for two different purposes, a general-purpose loan or for the purchase of a principal residence.

LOAN PROCEDURES POLICIES

I

DEFINITIONS

1.1 Definitions.
(a) Plan Definition Incorporated. Capitalized words and phrases herein shall have the same meaning as set forth in the Deferred Compensation Trust ("Plan") to which this Loan Program relates.

(b) Other Definitions. The following definitions shall also apply for purposes of the Loan Program.

i. Eligible Borrower shall mean a Participant who meets the eligibility requirements of Article III herein.

ii. Loan Program shall mean the loan program established under this instrument and authorized under Plan section 5.14.
II

DELEGATION OF AUTHORITY

2.1 General. The Denver Deferred Compensation Committee (the “Committee”) has explicit authority under section 5.14 of the Plan Document to establish this Loan Program.

2.2 Responsibilities. The Committee has exclusive authority and responsibility to establish the Loan Program, and, consistent with the provisions hereof, responsibility shall include, without limitation, the following:

(a) To prescribe procedures to be followed by Eligible Borrowers as defined in section 3.1.

(b) To prescribe forms necessary to implement the Loan Program;

(c) To determine the terms on which loans will be approved or denied;

(d) To prescribe limitations on the types and amounts of loans offered;

(e) To prescribe a reasonable rate of interest;

(f) To prescribe the types of collateral which may secure a loan;

(g) To prescribe the steps that will be taken to preserve assets of the Plan in the event of default;

(h) To construe and interpret the Loan Program, and to decide all questions of eligibility and determine the amount, manner and time of payment of loans hereunder;

(i) To prepare and distribute, in such manner as the Committee determines appropriate, information explaining the Loan Program;

(j) To receive from the Employer, Third-Party Administrators and Eligible Borrower such information as necessary for the proper administration of the Loan Program;

(k) To furnish the Employer and the Third-Party Administrators, upon request, such annual reports with respect to the administration of the Loan Programs as are reasonable and appropriate;

(l) Information furnished to the Committee regarding employee loans shall be confidential.

(m) To ensure that eligible borrowers hold only one outstanding loan at a time.
2.3 **Delegation.** The Committee hereby delegates to the Third-Party Administrators exclusive authority and responsibility to administer the Loan Program in accordance with this Participant Loan Program.

III

**ELIGIBILITY FOR LOAN**

3.1 **Eligibility.** A participant shall be an “**Eligible Borrower**” if he or she meets all of the following requirements at the time of the loan, an Eligible Borrower shall:

(a) have an account balance of at least $2,000 or more;

(b) not be currently in default on any previous loan under the Plan;

(c) not currently have a loan outstanding under the Plan;

(d) comply with all provisions of this Loan Program;

(e) meet the repayment qualifications established by the Committee;

(f) be a participant in the plan as defined by Denver Revised Municipal Code Sect. 18-437,

(g) be employed by the Employer.

IV

**LOAN PROCEDURES**

4.1 **Loan Limit.** The maximum amount which can be borrowed by an Eligible Borrower with respect to a current loan shall be the lesser of:

(a) $50,000 reduced by the excess (if any) of the highest outstanding balance of loans from the Plan during the one-year period ending on the day before the date on which such loan was made; or

(b) 50 percent of the present value of the participant’s account balance under the Plan on the date of the loan.

(c) For the purpose of calculating the loan amount available to an eligible borrower as described in 4.1(a) and 4.1(b) above, Roth balances will be included. However, the actual loan dispersal may not be deducted from Roth balances. As such, if the pre-tax deferral balance is less than the available loan amount, the loan will be limited to the available pre-tax balance.
4.2 **Minimum Amount.** No loan shall be made for less than $1,000.

4.3 **Maximum Number of Loans.** An Eligible Borrower shall not have more than one loan under the Plan outstanding at any time.

4.4 **Plan Loan Application.** Each Eligible Borrower desiring a loan must apply for a loan to the Third-Party Administrator who is administering the Eligible Borrower’s account. The Third-Party Administrator shall determine, based on the current value of the account, the amounts available for a loan. A one-time loan set-up and implementation fee may be assessed for a new loan and an annual loan administration fee may be assessed while there is an outstanding loan. No fee shall be charged by the third-party administrator, to set up or administer an ACH payment service for an Eligible Borrower. A Failed Payment fee may be charged for any ACH debit payment that is rejected by the Eligible Borrower’s Financial Institution due to no fault of Nationwide.

4.5 **Source of Loan.** The loan proceeds shall be obtained from the Eligible Borrower’s Accounts. To fund an Eligible Borrower’s loan, the loan balance shall be subtracted from the Eligible Borrower’s selected investments on a pro rata basis. While the calculation for the available loan amount may include Roth balances as defined in Section 4.1(c), loan proceeds shall not come from Roth balances.

4.6 **Refinancing, Renewals and Modifications.** Once a loan has been issued it must be paid in full before a new loan is requested. Loans will not be refinanced.

4.7 **Repayment Period.** A loan shall be repaid within six months to five years of the date such loan is made, except, if the loan proceeds are used to acquire a principal residence of the Eligible Borrower, the loan may be repaid over a period between 6 and 20 years.

4.8 **Loan Repayment.** The loan (both principal and interest) shall be amortized for repayment on a substantially level basis with payments based upon a bi-weekly payroll deduction schedule. Loan repayments shall be invested in accordance with the Eligible Borrower’s current investment election.

4.9 **Loan Prepayment.** A Borrower’s voluntary prepayment of a loan, in part or in full, may be made at any time without penalty. Payment may be made by certified or personal check or by ACH service, as administered by the Third-Party Administrator. Participants who make a partial loan prepayment must continue to make their regularly scheduled loan repayment in accordance with the repayment amortization schedule.

4.10 **Rate of Interest.** The loan interest rate will be the Prime Rate plus 1% plus any other administrative and/or asset fees, as applicable. The Prime Rate shall be the prime rate published by the Wall Street Journal two weeks prior to the end of the most current calendar-year quarter and the new rate will be effective on the first day of the new calendar quarter. The loan interest rate may be adjusted for Participants performing service in the United States military as may be required by law.
4.11 **Loan Security.** By accepting a loan, the Participant is giving the Plan a security interest in his or her vested Plan balance equal to the total loan amount, but not to exceed 50% of the Participant’s vested balance.

4.12 **Suspension of Loan Repayments.**

a. **Military Leave of Absence** - A Participant’s obligation to repay any loan under the Plan may be suspended as may be required by law, during the period in which the Participant is performing service in the United States military. The Participant must resume repayment of the loan upon his or her completion of military service and the outstanding loan balance, including any accrued interest and fees, must be repaid and may be re-amortized over a period that does not exceed the latest permissible term for a loan under the regulations plus the period of the military service. While the Participant is on active duty in the United States military, the interest rate on the loan shall not exceed 6%, compounded annually unless the Participant elects in writing during or after his or her military leave of absence to have the loan’s higher existing interest rate, if applicable, apply to the loan. The Participant assumes responsibility to notify Nationwide when they begin and return from a military leave of absence.

b. **Non-Military Leave of Absence** - In addition, a Participant’s obligation to repay any loan under the Plan may be suspended during the period (not to exceed one year) while the Participant is on an approved non-military leave of absence and the Participant provides requested documentation regarding the non-military leave of absence from his or her employer. The Participant must resume repayment of the loan upon the earlier of his or her return from non-military leave of absence, or one year of suspension. At such point the outstanding loan balance, including any accrued interest and fees, must be repaid or may be re-amortized over a period that does not exceed the latest permissible term for a loan under the regulations. The Participant assumes responsibility to notify Nationwide when they begin and return from a non-military leave of absence.

4.13 **Loan Correction.** In the event a loan correction becomes necessary, at the direction of the Committee’s or Committee’s delegate’s direction, Nationwide may undertake methods prescribed by the IRS or through any IRS correction program.

4.14 **Converted Loans.** Nationwide agrees to ensure to the best of their ability that loan converted from the prior recordkeeper are administered in accordance with the loan provisions in effect at the time the loan was made. Nationwide will rely on the information provided by the Committee and the prior recordkeeper, including but not limited to loan interest rate, balance, cure period, repayment method, highest outstanding loan balance and applicable fees. In the event Nationwide does not receive this information from the Committee or prior recordkeeper, Nationwide will administer loan in accordance with the current Plan Loan Procedures adopted by the Plan.
V

Loan Default / Loan Offset

This Loan Program specifies what events will cause a loan to be in default, and the Loan Program specifies what steps a participant or beneficiary may take to avoid the loan being considered a deemed distribution.

5.1 Loan Default. A Participant must pay the full amount of each repayment (principal and interest) on the date that it is due, as provided in the Repayment Schedule. If the missed repayments(s) is not received by the calendar quarter following the calendar quarter of the missed loan repayment, the entire amount of the loan will be defaulted and treated as a deemed distribution. A deemed distribution is treated as a distribution from the Plan for federal (and possibly state or local) income tax purposes. Therefore, amounts treated as a deemed distribution will be subject to federal, state and/or local income taxes, and may be subject to an additional 10% early withdrawal tax. A Participant will receive a Form 1099-R prior to January 31st of the following year reflecting this deemed distribution. The Participant shall remain obligated to repay the loan even after a deemed distribution has occurred. Any such repayment following the date of default, will be treated as after-tax amounts and the Participant will receive tax basis in his or her account for such amounts.

The entire outstanding balance of the loan will also be defaulted immediately upon the death of the Participant. The outstanding balance of the loan will be treated as a deemed distribution upon notification to Nationwide of the death of such Participant.

5.2 Loan Offset. A loan offset is a reduction of the Participant’s account balance by the outstanding loan balance and represents an actual distribution from the Participant’s account. A loan offset which does not follow a deemed distribution will be subject to ordinary income tax and maybe subject to an additional 10% early withdrawal tax. A loan offset which does follow a deemed distribution will not be subject to taxation. A Participant will receive a Form 1099-R prior to January 31st of the following year reflecting the loan offset.

Upon severance of employment, the entire amount of the outstanding loan balance, including accrued interest, will become due and payable. If the loan is not repaid in full prior to the last day of the calendar quarter following the calendar quarter in which the severance of employment occurred, or the Eligible Borrower does not arrange for ACH payments to repay the remaining balance of the loan, the loan will be treated as a loan offset.
NOTICE

6.1 Notices. Any notice or other communication necessary to be given to an Eligible Borrower under this Loan Program shall be deemed sufficient if delivered in person or mailed to the Eligible Borrower’s last known address by first class mail.

The granting of any loan to an Eligible Borrower shall not be deemed to constitute a contract of employment between the employer and the participant. Nothing contained in the Plan, this Loan Policy, or in the terms of any loan granted hereunder shall be deemed to give the Eligible Borrower the right to be retained in the employ of the employer or to interfere with the right of the employer to discharge or to terminate the employment of the Eligible Borrower at any time without regard to the effect that such discharge or termination may have on the terms of the loan.

The Amended Participant Loan Program for the Deferred Compensation Trust of the City and County of Denver is hereby approved, effective April 23, 2019.

WITNESS WHEREOF, we have set our hands and seal on this 23rd day of April, 2019.

ATTEST:

CITY AND COUNTY OF DENVER AS TRUSTEE FOR THE CITY AND COUNTY OF DENVER DEFERRED COMPENSATION TRUST

I hereby certify that this Loan Policy was adopted in a public meeting by a majority vote of the Deferred Compensation Committee of the City and County of Denver on April 23, 2019, at which time a quorum was present. The action has been memorialized in the written minutes.

By __________________________
Gregory King, Secretary