

SAN FRANCISCO ELECTRICAL WORKERS RETIREMENT SAVINGS PLAN LOAN POLICY

This loan policy ("Policy") is established under Section 9.6 of the San Francisco Electrical Workers Retirement Savings Plan ("Plan"), effective December 1, 2009.

- 1. Eligibility.** If you are a Participant or Beneficiary in the Plan, and you have had no outstanding loan from any other plan of a contributing Employer during the past 1-year period, you may request a loan from the Plan pursuant to these procedures. You must agree to the terms contained in the promissory note and related documents, including the imposition of setup and ongoing administration fees. Loan fees will be charged to your account in addition to the loan amount. Spousal consent is required as a condition to receiving a loan.
- 2. Limitation on Amount and Purpose.** The minimum loan amount is \$1,000. The maximum loan amount is the lesser of (i) 50% of your account balance and (ii) \$50,000 reduced by the highest outstanding loan balance (if any) during the 1-year period ending immediately before the date of your loan. The Plan imposes no restriction on the purpose of your loan. You may have no more than 1 loan outstanding at any time.
- 3. Interest.** The loan interest rate will be fixed at the prime rate published by Reuters at the time the loan is processed, plus 1%, unless such rate is not reasonable and appropriate. All interest accrued on the loan will be credited to your account.
- 4. Requesting a Loan.** To initiate a loan, you should contact Fidelity Investments at 866-84-UNION, or online at www.fidelity.com/atwork. Fidelity will then send a signature ready application to you, with instructions to return the executed paperwork to the Plan Office (EISB) for approval.
- 5. Fees.** The Plan will impose a \$50 loan initiation fee, plus a \$6.25 quarterly fee. These fees will be charged directly to your account.
- 6. Payments.** Your loan must provide for regular even monthly payments of principal and interest by automated clearinghouse ("ACH") deduction from your personal checking account. No loan will be approved unless you agree to allow the Plan to collect payments by automatic deduction. Should you revoke approval for automatic deduction, the loan balance shall be immediately due and payable, together with accrued interest, and subject to the deemed (Section 9) or offset (Section 10) distribution procedures should the loan not be paid in full. Prepayments are not allowed, except that you may repay the entire balance due at any time. Your loan payments into your account will be invested in the same manner as are contributions to your account, and will be credited back to the subaccounts that funded the loan.
- 7. Term.** The minimum term of your loan is 12 months and the maximum term is 180 months (if your loan is used to acquire a dwelling which, within a reasonable time, will be used as your principal residence) or 60 months (if your loan is not used to acquire your principal residence).
- 8. Loan Funding and Security.** Each loan must be secured with an irrevocable pledge and assignment of up to 50% of your account in the Plan. Loan funding shall be made from all subaccounts, and all investments, within your account on a pro rata basis. Your loan may not place other Participants at risk of investment loss. Accordingly, your loan will be administered as a Participant directed investment of that portion of your account equal to the outstanding balance of your loan. The Plan will credit your account with interest earned and principal payments received.
- 9. Default (Deemed Distribution).** If your account is not distributable (*e.g.*, you have not terminated employment), the Plan will default the unpaid balance of your loan if any scheduled payment remains unpaid as of the last day of the calendar quarter succeeding the calendar quarter in which the payment became late. (The period between the payment's due date and the end of the next calendar quarter is referred to as the "grace period"). A loan in default shall be deemed distributed for

tax purposes at the time of default, and will (i) not be eligible for rollover to any other retirement arrangement, (ii) continue to be carried as an asset on the books and records of the Plan, with continuing adjustments for accrued interest, until such time as the loan is offset under Section 10, (iii) reflect tax basis only to the extent that you have made additional loan payments after the date of the deemed distribution and (iv) cause no further taxable income to you after the date of the deemed distribution. If you have a loan that has been deemed distributed under this section, but is not yet actually distributed under Section 10 (most likely because you have not yet terminated employment), you may make future payments on the loan to reduce its balance. Those payments will not be tax deductible, but will create tax basis in your account that will allow for future nontaxable distributions from your account. You will not be allowed to take another loan from the Plan if you previously defaulted on a Plan loan and that loan remains an asset of the Plan.

10. Distribution (Offset Distribution). If your loan is distributable (*e.g.*, you have terminated employment), the Plan will offset your account by the unpaid balance of the loan for which a scheduled payment remains wholly or partly unpaid as of the last day of the grace period described in Section 9. Unlike a deemed distribution under Section 9, you may roll over, to another retirement arrangement, an offset distribution under this section to the extent you have personal cash to fund the rollover. The Plan will provide an appropriate tax notice to you on or about the date of the offset distribution explaining applicable tax and rollover rules. An offset distribution will reduce your account balance by the unpaid principal and accrued interest and cause the loan to be treated as repaid to the extent of the offset. As permitted under regulations, you are treated as having consented to a distribution under this section as a condition to receiving the loan.

11. You are Responsible for Loan Consequences. Obtaining a Plan loan carries risks. You will diminish your retirement resources if you fail to repay the loan in accordance with its terms, or if the interest paid on the loan is less than the earnings you otherwise would have earned had you not taken the loan. If you default on the loan, you will pay personal income taxes, and perhaps a penalty, on the amount of the default. The Board of Trustees is not responsible for these consequences, and neither the Board nor the Plan Office can advise you regarding whether a loan is appropriate for your circumstances. By requesting a loan you acknowledge that you are aware of your payment responsibilities and the risks.
