

STATEMENT OF ACKNOWLEDGMENT AND AGREEMENT

1. I do hereby make application for a pension loan. I acknowledge and agree that I am responsible for consulting an accountant, tax attorney or other financial advisor to answer any questions about the effects of making a pension loan, and for any income tax or early distribution penalties that may result from obtaining a pension loan, and that the Board of Managers of the Retirement & Relief System is not liable for any costs or penalties incurred from my making a loan from the R&R System. I acknowledge and agree that I am required to execute a Pension Loan Certification form and a promissory note as a condition of the grant of a pension loan, and that I am required to abide by the Pension Loan Guidelines adopted, and amended from time to time, by the Board of Managers of the Retirement and Relief Pension System.
2. I acknowledge and agree that if I refinance an existing loan, the proceeds from the new loan will be adjusted for any accrued, unpaid interest on the old loan balance. I acknowledge and agree that my loan must be repaid within 2 years of the date of the loan regardless of circumstances, including but not limited to, military service, Ordinary Disability, Extraordinary Disability, and authorized leave without pay. In addition, I acknowledge and agree that the balance of the pension loan is due in full upon termination for any reason of employment with the City of Birmingham, unless I qualify for a Repayment Exception. I acknowledge and agree that the unpaid balance of the loan shall be offset from the amount of any supplemental wage payment (i.e. longevity, or some other lump-sum payment) or return of contributions. I understand and agree that if I elect a return of pension contributions, the outstanding loan balance along with applicable interest will be deducted from these pension contributions, and will be subject to Federal Income tax withholding. I acknowledge and agree that a pension loan default occurs any time a pension loan payment is unpaid for 90 days from the due date on the pension loan repayment schedule, and that defaults in repayment may result in adverse tax consequences.