**This form is provided as educational material, and as an example of an administrative form that may be used to record certain interactions/transactions between a participant and their Solo 401(k).**

**These forms may be freely downloaded and used. The forms may also be amended or changed at the viewers discretion. You should always consult with your CPA or other tax professional when completing these forms, when hiring a part-time or full-time employee, when making a contribution to or a distribution from the plan, taking a loan from the plan, or when taking any other action that might incur taxable income or reporting requirements.**

**Please refer to the last two pages of the Plan Summary Description for information on the Plan Sponsor, Plan Administrator, and Trustee of the plan. The same information may also be found in the plan’s Adoption Agreement.**

**PROMISSORY NOTE**

|  |  |  |
| --- | --- | --- |
|  |  |  |
| 401(k) Name (“the Plan”) |  | Sponsor Company Name (“the Company”) |

**Section 1: PARTICIPANT INFORMATION**

|  |  |  |
| --- | --- | --- |
|  |  |  |
| Last Name First Name MI |  | Social Security Number |

|  |  |  |
| --- | --- | --- |
|  |  |  |
| Address - Number and Street |  | City State Zip |
| Date of Birth: \_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_\_\_\_\_ |  | Date of Hire: \_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_\_\_\_\_ |

|  |  |  |
| --- | --- | --- |
|  |  | Current Marital Status:  Single  Married |
|  |  |  |
| ( ) |  | ( ) |
| Work Phone |  | Home Phone |

**Section 2: LOAN TERMS AND CONDITIONS**

|  |  |
| --- | --- |
| Loan Date |  |
| Payment Commencement Date |  |
| Loan Principal Sum Amount ("loan") |  |
| Interest rate | a certificate deposit rate plus 2% or prime rate plus 1% |
| Loan Processing Fee | There is no loan processing fee. |
| Loan Maintenance Fee | There is no ongoing loan maintenance fee. |
| Number of Installments |  |
| Payment schedule | Quarterly |
| Payment amount |  |
| Last payment amount |  |

**Section 3: PLEDGE, ASSIGNMENT & SIGNATURES**

[ ] I hereby promise to pay the above amount pursuant to the terms and conditions described herein to the order of the trustee(s) of the Plan. All payments shall include principal and interest.

[ ] This note will become due and payable upon termination of employment with the Company. This note may be prepaid in full or in part.

[ ] I hereby assign the corresponding amount of my interest in the Plan (up to 50%, or 100% if a coronavirus-related loan) to the trustee(s) under the plan, as security for payment of all sums that may become due under this promissory note. In the event said promissory note is not paid in full in accordance with the conditions thereof, then that portion of my account balance equal to the amount of principal, interest and other amounts due under said promissory note (but not in excess of the interest assigned hereunder) shall be deducted from my benefit and applied by the trustee in payment and satisfaction of said promissory note. Upon full payment of all amounts due under that promissory note, this assignment shall become null and void.

[ ] This note shall be in default if a scheduled payment is not made by the end of the "cure period." The "cure period" is the payment period allowed by the Plan Administrator which shall not extend beyond the last day of the calendar quarter following the calendar quarter during which the last scheduled installment payment was due and not paid. However, this note shall not be in default for qualified individuals impacted by the coronavirus for missing a scheduled payment from 03/27/2020 through 12/31/2020.

Upon default, the holder of this note may accelerate the entire outstanding balance and any interest thereon, and declare said amount due and owing.

Dated this \_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_.

|  |  |  |
| --- | --- | --- |
|  |  |  |
|  |  | Signature of Participant(Borrower) |
|  |  |  |
|  |  | Print Name of Participant(Borrower) |

Dated this \_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_.

|  |  |  |
| --- | --- | --- |
|  |  |  |
|  |  | Signature of Trustee |
|  |  |  |
|  |  | Print Name & Title of Trustee |

**SPOUSE'S CONSENT TO LOAN**

|  |  |  |
| --- | --- | --- |
|  |  |  |
| 401(k) Name (“the Plan”) |  | Sponsor Company Name (“the Company”) |

I. NOTICE OF RIGHT TO SURVIVING SPOUSE'S BENEFIT AND IMPACT OF LOAN SECURED BY PARTICIPANT'S account balance

Under this Plan, the surviving spouse of a deceased, married Participant is generally entitled to a legally-mandated "surviving spouse's benefit".

A married Participant cannot borrow from the Plan unless his or her spouse consents to the loan because a default on the loan would reduce the Participant's account balance and, therefore, the benefit payable on account of the Participant's death. This consent form is not required if the participant is not married at the time the loan is made.

II. SPOUSE'S CONSENT TO LOAN TO PARTICIPANT

I hereby consent to my spouse's obtaining a loan in the amount set for the above. I further acknowledge my understanding that: (1) the loan is secured by my spouse's account balance, (2) the effect of my consent may be to forfeit benefits to which I may otherwise be entitled upon my spouse's death, and (3) my consent is irrevocable unless my spouse repays this loan.

Dated at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, this \_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_, 20\_\_.

[City, State]

|  |  |  |
| --- | --- | --- |
|  |  |  |
|  |  | Signature of Participant's Spouse |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  | Name of Participant's Spouse  (print or type) |

|  |  |  |  |
| --- | --- | --- | --- |
|  | |  |  |
| Witnessed by: | |  |  |
| Notary Public, State of \_\_\_\_\_\_\_\_\_\_\_\_ | |  |  |
| My Commission (is permanent/expires) | |  |  |
|  | |  |  |
|  | |  |  |
|  |
|  | |  |