ATTACHMENT 1

NEVADA SYSTEM OF HIGHER EDUCATION
LOAN POLICY

Applicable to loans issued on or after December 6, 2021

I.
BACKGROUND

The Nevada System of Higher Education Loan Policy ("Loan Policy") applies to the following plans sponsored by the Board of Regents of the Nevada System of Higher Education ("NSHE"):

- the Nevada System of Higher Education Defined Contribution Retirement Plan Alternative ("RPA"); and

- the Nevada System of Higher Education Supplemental 403(b) Plan ("Supplemental 403(b) Plan").

Eligible employees must make mandatory employee contributions to the RPA as a condition of employment. Eligible employees may voluntarily choose to make salary reduction contributions to the Supplemental 403(b) Plan. Each Plan permits a participant to borrow from these contributions and the earnings thereon.

A loan made under the RPA or Supplemental 403(b) Plan shall be made in accordance with the requirements set forth in the applicable Plan document, this Loan Policy, Section 72(p) of the Internal Revenue Code ("Code"), and the loan agreement.

Loans are permitted from TIAA only, the sole approved vendor under both Plans.

II.
LOAN AVAILABILITY

A Plan participant who is a **current employee** of the NSHE may apply for a loan. Former employees, beneficiaries and alternate payees are not eligible to apply for a loan under a Plan. A participant who has defaulted on a loan is not eligible to apply for a loan under a Plan.

A Plan participant can request a loan for any reason. Loans are available to participants on a uniform and nondiscriminatory basis.

III.
MINIMUM LOAN AMOUNT

The minimum amount that a participant may borrow from a Plan is $1,000.

IV.
MAXIMUM LOAN AMOUNT

A loan cannot exceed the total of the participant's balance in his or her (i) mandatory employee contribution account under the RPA or (ii) pre-tax contribution account under the Supplemental 403(b) Plan. A loan cannot be made from any other account under a Plan (such as a Roth contribution account or an employer contribution account), but such accounts are considered for purposes of calculating the maximum amount of the loan.

The maximum amount that a participant may borrow from a Plan is the lesser of:

1. 50% of his or her vested account under the Plan; or

2. $50,000 reduced by the greater of:

   a. the participant's highest outstanding aggregate loan balance from the Plans during the one year period ending the day before the loan is approved (not taking into account any payments made during this one year period); and

   b. the participant's outstanding aggregate loan balance from the Plan on the day the loan is made.

The RPA and Supplemental 403(b) Plan are aggregated for purposes of these rules. A loan under the RPA is treated as if it were a loan under the Supplemental 403(b) Plan, and vice versa, and the participant's vested account under the RPA is treated as if it were a vested account under the Supplemental 403(b) Plan, and vice versa. Notwithstanding, a participant is not eligible for a loan amount that would exceed the loan amount available under each Plan on its own.

V.
NUMBER OF PLAN LOANS

A participant may only have one residential mortgage loan and two personal loans outstanding at any given time under the Plans. The number of outstanding loans includes a defaulted loan that has not been repaid to the Plan in full.

VI.
SPOUSAL CONSENT

Spousal consent is not required to apply for a loan.

VII.
LOAN APPLICATION

A participant must complete a loan application in the time and manner and on such form or forms as TIAA may require. The loan application must be completed in its entirety in order to be considered for approval. TIAA is responsible for final approval of all loans under the Plan.

VIII.
LOAN AGREEMENT

Each loan shall be evidenced by an enforceable written agreement specifying the amount of the loan, the date of the loan, and the repayment schedule, set forth in a written paper document (*i.e.*, promissory note) or in a document that is delivered through an electronic medium under an electronic system that satisfies Treasury Regulations Section 1.401(a)-21.

IX.
LOAN REPAYMENTS

MAXIMUM REPAYMENT PERIOD. A loan must be repaid, with interest, to the participant's account by regular periodic payments for a period not greater than five years from the date the loan is granted, unless the loan qualifies as a residential mortgage loan. A residential mortgage loan is a loan used to acquire a residential dwelling such as a house, apartment, condominium, or mobile home (not used on a transient basis) which is used or will be used within a reasonable time as the participant's principal residence. Residential mortgage loans can be repaid over a period of up to ten years.

TIMING OF REPAYMENT. The first loan repayment is due 4 to 6 weeks after the loan is issued. Repayments are expected to be made monthly, on the 1st or 15th of the month. Participants elect the 1st or 15th when they request the loan.

MANNER OF REPAYMENT. Loan repayments are made monthly through automatic debit transfer (ADT) from the participant's checking or savings account. Loans may not be repaid through payroll deduction.

EARLY REPAYMENT. A participant may make extra payments on his or her loan amount without penalty. Participants are required to provide the expected payment amount, multiples of that amount (up to 10 times), or the full payoff amount. Extra payments will not be applied to the next scheduled payment, and the participant is still required to make the next standard payment on the scheduled date. Any extra payments are applied to the end of the amortization schedule, reducing the length of the loan.

REPAYMENT UPON DEATH. If a participant dies before repaying his or her loan in full, the participant’s designated beneficiary will receive the remaining balance in the participant’s plan account. The account balance will be reduced by the outstanding loan balance.

REPAYMENT UPON SEPARATION FROM SERVICE. If a participant separates from service from NSHE before repaying his or her loan in full, the participant may:

- continue to repay the outstanding loan balance pursuant to the Plan terms, in which case the participant will not be eligible to receive a distribution of any portion of the participant's outstanding loan balance until the loan is fully repaid; or

- if the participant is eligible for a distribution from the Plan, repay the balance of the loan from the portion of the participant's Plan account

REPAYMENT WHILE PERFORMING MILITARY SERVICE. If a participant takes a leave of absence for a period of military service, loan repayments will be suspended during the period of military service. The participant must begin making loan repayments once the military service ends. The loan must be repaid in full by the end of the period equal to the original term of the loan plus the period of time the participant is on military leave. If the original term of the loan was less than the maximum term permitted, when the participant returns from military service, the term of the loan may be increased to the maximum loan term plus the period of time the participant was on military leave. When the participant returns from military service, the participant's loan will be re-amortized to increase the amount of the payments to the end of the adjusted repayment term. The amount the participant is required to pay upon return will not be less than the original loan payment.

REPAYMENT DURING OTHER LEAVES OF ABSENCE. Loan repayments will not be suspended for any other leave of absence.

X.
RATE OF INTEREST FOR LOANS

The interest rate will be fixed for the term of the loan and will be equal to the Federal Reserve Board Bank prime loan rate plus 1 percent, at the time of the loan origination.

If a participant initiates a loan prior to a period of military service, the participant may request a reduction in the interest rate to be applied during the period of military service to a rate no greater than 6%. The participant must make the request to TIAA in writing and attach a copy of the military orders calling the participant to military service and any orders further extending military service, not later than 180 days after the date that the participant's military service ends.

XI.
LOAN DEFAULTS

WHEN A DEFAULT OCCURS. A loan will be considered in default if any scheduled payment remains unpaid as of the end of the last day of the calendar quarter following the calendar quarter in which the required payment was due. Until the loan is completely repaid, the participant will remain obligated for the unpaid loan balance and accrued interest on the loan.

TAX IMPACT OF A DEFAULT. A defaulted loan is taxable income to the participant the year of default. TIAA will provide the participant with a Form 1099-R reflecting the entire outstanding balance of the loan (including interest) as taxable income that year. Defaulted loans will also be subject to a 10% tax penalty if the participant is under age 59 ½.

SATISFACTION OF LOAN IF DISTRIBUTION IS PERMISSIBLE. At such time that the participant is entitled to a distribution under the Plan, the participant's vested account balance will be reduced by the outstanding principal and interest of the defaulted loan. In such an event, the loan will be considered to have been repaid.

NO ADDITIONAL LOANS. If a participant defaults on a loan, the participant is not permitted to take another loan from the Plan.

XII.
FEES

NSHE APPLICATION PROCESSING FEE. A nonrefundable application processing fee in the amount of $50.00 must accompany all loan applications. This fee is assessed in order to cover the additional administrative costs associated with complying with Internal Revenue Service regulations concerning retirement plan loans. Payment must be made to the benefits office at the applicable business center. A participant should contact the benefits office for accepted methods of payment.

TIAA FEE. TIAA charges a separate loan origination fee of $50 for general purpose loans and residential loans. There is also a $25 annual maintenance fee charged for the life of the loan.

XIII.
ADMINISTRATIVE PROCESS AND PROCEDURES

The following administrative process applies before a loan will be approved:

(1) The participant must secure and complete a loan application from TIAA, either via TIAA's website or by telephone to TIAA's customer service department. Either the participant or TIAA must forward the loan application to NSHE for approval.

(2) The participant must pay the nonrefundable application processing fee, as described in Section XIII, to the appropriate benefits center.

(3) Upon receipt of a loan application, NSHE will take the following steps:

    (a) Review its records to determine if the participant also has an account balance with a former vendor.

    (b) If the participant does not have an account with a former vendor, determine whether the requested loan satisfies the rules set forth in these procedures based on the participant's account balance and loan history with respect to TIAA.

    (c) If the participant has an account with a former vendor, contact the designated representative of the former vendor or access the participant's information with respect to that former vendor online to secure the following information:

        (i) Does the participant have an outstanding loan from the former vendor? If so, what is the outstanding balance on the loan?

(ii) What is the highest outstanding loan balance from the former vendor's contract to the participant during the immediately preceding 12-month period (disregarding any payments made on the loan)?

(iii) What is the participant's account balance with the former vendor?

(iv) Has the participant ever defaulted on a loan with the former vendor?

Determine whether the requested loan satisfies the rules set forth in these procedures taking into account the participant's account balance and loan history with respect to TIAA and the former vendor.

(4) If the loan request is in order, an authorized officer of NSHE will authorize the loan request via TIAA's plan sponsor website.

(5) If the loan request is not in order, an authorized officer of NSHE will contact the participant for additional information or, if it cannot be remedied, will deny the loan request.

XIV.
AMENDMENT OF PROCEDURES

NSHE may amend this Loan Policy at any time.