QUALIFIED PLAN LOAN POLICY

The following loan documents are included for your information:

- **Plan Loan Policies and Procedures.** This document must be prepared by the Plan Administrator Based on the actual policies which will be followed. A copy of the Plan Policies and Procedures Statement should be included with the Summary Description and distributed to all participants.

These plan loan documents may be completed and modified as necessary. While all documents should be reviewed by legal counsel before use, the loan forms should be subjected to critical review to make sure that they meet the requirements of appropriate state law.

Please note that if either credit worthiness or financial need is a factor to be considered in deciding whether a loan will be made, the Plan Loan Application should be modified to request detailed financial information.

You should check with your legal counsel to make sure that these documents are complete and accurate in your situation.

If either credit worthiness or financial need is a factor to be considered in determining whether to make loans, then the Plan Loan Application must be modified to request detailed financial information.

PLAN LOAN POLICIES AND PROCEDURES

PART I - GENERAL PLAN INFORMATION

Name of Plan: ____________________

Plan Administrator: ____________________

Address: ____________________

Business Phone: ____________________

Employer: ____________________

Address: ____________________

Business Phone: ____________________ EIN #: ____________________

PART II - ELIGIBILITY FOR LOANS

Each person who is a party-in-interest with respect to the Plan and Trust as defined in '3(14) of ERISA is eligible to receive a participant loan. This includes active participants, and:

- ☐ (a) Beneficiaries;
- ☐ (b) Former Participants; or
- ☐ (c) Employees who have not met eligibility requirements to enter the plan, but have rollover and/or transfer accounts.

Loans will be made without regard to race, color, religion, sex, age, or national origin.

Participants are permitted to have ____________ outstanding loans.

PART III - LOAN APPLICATION PROCEDURE

Any person who is a party-in-interest with respect to the Plan and Trust may apply for a loan (subject to restriction in Part II above) by completing and submitting a loan application to the Plan Administrator on a form available from the Plan Administrator. The Plan Administrator will review the loan application and return it to the individual if it has not been properly completed.

Once the loan application is completed, the plan administrator will review the application and determine whether the individual satisfies the participant loan criteria. If the individual meets the criteria, the loan will be approved. If the criteria are not met, the loan will be denied, and the Plan Administrator will notify the individual in writing of the denial and the reasons for such denial.

PART IV - BASIS ON WHICH LOANS WILL BE GRANTED OR DENIED

Loans will be made to all eligible participants and beneficiaries on a reasonably equivalent basis. In making loans, consideration will be given only to those factors which would be considered in a normal commercial setting by an entity in the business of making similar types of loans. The following factors will be considered:

- ☐ Credit worthiness.
- ☐ Financial Need
- ☐ Other (specify): ____________________

PART V - LOAN TERMS

Minimum Amount of Loan (Check One):

☐ Each loan shall be for a minimum amount of $_________ (may not exceed $1,000).

☐ Not Applicable. There is no minimum loan amount.

Maximum Amount of Loan: Generally, if no other plan loans exist (including a defaulted loan), a participant may borrow up to 1/2 of his or her vested account balance, not to exceed $50,000. The following chart outlines how this maximum limit works:

Vested Account Balance	Maximum Loan Amount
Less than $100,000	50% of vested account balance
Over $100,000	$50,000

However, if the borrower has an outstanding balance on one or more other loans from the plan, then the above limits are reduced by the sum of the outstanding loan balances on the date the new loan is made.

In addition, to prevent borrowers from using "bridge loans," the $50,000 limit must be further reduced by the excess of:

- o the highest outstanding balance of all loans during the 1 year period ending on the date of the loan, over
- o the outstanding balance of all loans (including any "defaulted loan" amounts, plus accrued interest) from the plan on the date the loan is made.

For example, a participant or beneficiary with a vested account balance of $200,000 borrows $30,000 from his plan on January 1, 2006. On November 1, 2006 he wishes to borrow an additional amount without triggering a taxable distribution. On November 1, the outstanding loan balance is $20,000. How much more can he borrow from the plan? The answer is $20,000, calculated as follows:

$50,000 (loan limit) - ($30,000[1] - $20,000[2]) - $20,000[3] = $20,000

The Loan Worksheet (Exhibit A) may be used to compute your maximum loan limitation.

Maximum Loan Term: Generally a plan loan must be paid within 5 years. However, a longer term is permitted if the loan is made to acquire the borrower's principal residence. In such a case the loan must be paid within:

☐ 10 years

☐ Other (Specify, must be a "reasonable" period of time):

Repayment Schedule: Loan payments must be made in level amortized payments and must be made at least quarterly. The Plan Administrator may require that loan payments be made by payroll deduction. Loan payments may be made (check all that apply):

☐ By Payroll deduction

☐ ACH

☐ By check to the Plan Administrator.

Suspension of Loan Payments

(a) During periods of military service, loan payments ☐ will ☐ will not be suspended under this plan as permitted under section 414(u)(4) of the Code.

(b) During any participant's leave of absence, as defined in section 72(p) of the Code, loan payments ☐ will ☐ will not be suspended for a period not to exceed one year.

Security for Loan: As security for the payment of the loan note, the Participant hereby grants the lesser of a 50% security interest in the Participant's account balance, or the loan outstanding principal balance(s), as collateral for the loan. The Plan Administrator may, in its sole discretion, require additional collateral.

---

[1]Highest outstanding loan balance during previous 12 months

[2]Loan balance on date new loan is desired

[3]Loan balance on date new loan is desired.

PART VI - DEFAULTING ON LOANS

If a borrower does not make a loan payment when due (i.e., the borrower defaults on the loan), the borrower will have:

- ☐ until the end of the calendar quarter following the quarter that the loan payment was due; or
- ☐ ____________________days after such loan payment is due;

to cure the default.

If a borrower fails to make the loan payment by the end of the cure period (specified above) then the following procedure(s) shall apply (check all that apply to this plan):

- ☐ If permitted under the maximum loan limits, a new loan will be created in the amount of the default amount.
- ☐ The defaulted amount will be reported as a deemed distribution for the tax year in which the cure period ends.

The amount of any defaulted loan plus accrued interest will continue to reduce the amount allowable as a subsequent loan.

PART VII - DETERMINING THE LOAN'S INTEREST RATE

The interest rate to be paid by the borrower on the loan must be "reasonable." "Reasonable" is defined to be a rate commensurate with the interest rate charged by persons in the business of lending money for loans which would be made under similar circumstances.

The Plan Administrator shall determine a reasonable rate of interest by:

- ☐ ascertaining the rates being charged for similar loans by at least two financial institutions or other firms in the same geographic area who are in the business of lending money;
- ☐ using the Prime Rate plus ________________ %;
- ☐ Other (Describe):____

This process shall be used in determining rates on each day a plan loan is granted. If the loan is renewed, extended, or renegotiated, the interest rate charged for the renewal period must be "reasonable" under the economic conditions prevailing at the time of the renewal. The interest rate used shall be compounded _________________.

PART VIII - MISCELLANEOUS

Prepayment: The loan may be prepaid in full without penalty at any time. Partial prepayments are also acceptable. Partial prepayments will be credited to principal, and installments shall continue as scheduled. In the event of a partial prepayment, no re-amortization of the loan shall occur.

Loan Expenses: Any expenses incurred in the making, administering or maintaining a participant's loan shall be ☐deducted from such Participant's Account under the Plan; or ☐paid by the Participant.

Death of Borrower: In the event the Borrower dies, unless otherwise directed in writing by the Borrower, the loan note shall be treated as an asset of the plan. A Beneficiary shall therefore be responsible for the remaining loan payments, and shall be treated as the Borrower with respect to all of the rules and policies hereunder. The Beneficiary may "disclaim" the portion of the assets attributable to the loan, by providing a Qualified Disclaimer described in section 2518 of the Code. In such a case, the loan note, or if less, any portion of the loan disclaimed, shall be treated as an asset of the Participant's estate.

Refinancing of Loans: Refinanced loans ☐ are ☐ are not permitted.

EXHIBIT A

Qualified Plan Loan Worksheet

1.	$50,000	1.	$50,000
2.	Enter the highest outstanding loan balance during previous 1 year period.	2.	$_______
3.	Enter the amount of any unpaid defaulted loans Plus accrued interest.	3.	$_______
4.	Add lines 2 & 3. Enter sum.	4.	$________
5.	Enter loan balance on date new loan is desired.	5.	$________
6.	Subtract line (5) from line (4)	6.	$________
7.	Enter loan balance on date new loan is desired.	7.	$________
8.	Add Lines (6) and (7), enter sum	8.	$________
9.	Subtract line (8) from line (1) Enter result	9.	$________
10.	Enter total vested account balance, including the value of any outstanding loans	10.	$________
11.	Enter 50% of Participant's vested plan balance (50% of line 10)	11.	$________
12.	Subtract line (5) from line (10) Enter result.	12.	$________
13.	Enter lesser of Line (9) or Line (12)	13.	$________

THIS IS THE ALLOWABLE LOAN AMOUNT AVAILABLE TO PARTICIPANT, WITHOUT TRIGGERING A TAXABLE DISTRIBUTION.

Notes:

- Lines 2, 3 and 7 include the value of deemed distributions of defaulted loans.
- The 1 year period referred to in Line 2 ends on the day before the new loan is to be made.
- Refinanced Loans that extend the original loan due date are treated as new loans and must satisfy the rules outlined on this worksheet.