PARTICIPANT LOAN PROGRAM
ABC Deferred Compensation Plan

The ABC Deferred Compensation Plan (the "Plan") provides that the Employer (the "Administrator") may, in the Administrator's sole discretion, make Plan loans to Participants. The Plan document requires that a written loan program be established which sets forth the rules and guidelines for making loans. The Administrator's decisions regarding the application or interpretations of this loan program are final and binding on Participants. The Administrator specifically reserves the right to amend these policies and procedures from time to time.

For purposes of this loan program, all terms not defined herein shall have the meanings ascribed to them in the Plan.

1. **Who is Responsible for the Participant Loan Program?** The Administrator is authorized to administer the Plan's loan program. All discretionary decisions concerning loans shall be made by the Administrator. The Administrator may make loans to Participants under the following circumstances: (a) loans shall be made available to all Participants on a reasonably equivalent basis; (b) loans shall bear a reasonable rate of interest; (c) loans shall be adequately secured; and (d) loans shall provide for periodic repayment over a reasonable period of time. No loan will be made from the Plan if it would constitute a prohibited transaction as defined in Internal Revenue Code §4975.

2. **How to Apply for a Loan.** All applications for loans shall be made by Participants to the Administrator in writing. A Participant's ability to make such application, either in writing or by electronic means, will be subject to the qualification guidelines adopted by the Administrator and as set forth in this loan program. All loan applications are subject to consideration by the Administrator in a timeframe commensurate with the form of application. In making application for a loan, a Participant may be required to provide such supporting information deemed necessary by the Administrator. This may include a financial statement, tax returns and such other financial information, which the Administrator may consider necessary and appropriate to determine whether a loan should be granted.

3. **Basis for Loan Approval.** The Administrator, in making a determination as to whether a Participant qualifies for a loan, may consider, in a uniform and nondiscriminatory manner, such criteria as a commercial lender of funds would apply in like circumstances with respect to the Participant and any other reasonable factors it deems relevant. Such criteria may include, but need not be limited to, the creditworthiness of the Participant and his or her general ability to repay the loan, the period of time the Participant has been employed by the Employer, whether adequate security has been provided for the loan, whether the Participant has defaulted on a previous loan or who has had a previous loan declared to be a deemed distribution on account of failure to timely repay a loan in accordance with its terms. The Administrator may, in its discretion, require as a condition to the granting of the loan, that the Participant provide to the Employer an election for direct, after-tax payroll withholding for the loan repayments. In addition, a loan request made during the time a decision concerning a domestic relations order is pending may be delayed until after such decision is final.

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4. **Limitations on the types and amount of Loans.** With regard to any loan made pursuant to this program, the following rule(s) and limitation(s) shall apply, in addition to such other requirements set forth in the Plan:

   i. All loans made pursuant to this program shall be considered a directed investment from the Account Balance of the Participant maintained under the Plan. As such, all payments of principal and interest made by the Participant shall be credited only to the Account Balance of such Participant.

   ii. The maximum amount of a loan shall be the lesser of (a) 50% of the Participant's vested account balance; or (b) $50,000, reduced by the excess of the highest outstanding balance of loans from the Plan to the Participant during the one year period ending on the day before the date on which such loan was made, over the outstanding balance of loans from the Plan to the Participant on the date on which such loan was made, or, if less, one-half (½) the Participant's account balance under this Plan and all other plans of the Employer.

   iii. The minimum loan term is 12 months.

   iv. Loans are required to provide that the amount of such loan, plus interest, will be amortized over the repayment period with payments to be made not less frequently than quarterly over a period not to exceed five (5) years. However, if the loan proceeds are used to acquire a principal residence of the Participant, the loan repayment period may be for a period up to thirty (30) years. This means that payments will be level throughout the repayment period, and each payment will include both principal and interest. With the consent of the Administrator, the Participant may repay the outstanding principal amount with interest to the date of repayment at any time prior to the loan due date, but may not make a partial prepayment, provided the loan obligation has not been treated as a deemed distribution by the Administrator.

   v. Reasonable and necessary fees and expenses incurred by the Plan in the origination and ongoing maintenance of the loan may be charged against the Participant's Account Balance.

   vi. Only active Participants are entitled to maintain participant loans. This means that if a Participant is not currently employed by the Employer (or a Participating Employer that has adopted the Plan), then he or she is not entitled to initiate a new Participant loan or continue to maintain an existing Participant loan.

   vii. No loan in an amount less than $1,000 shall be granted to any Participant.

   viii. A Participant may only have 1 loan(s) outstanding at any time.

6. **Interest.** Any loan granted under this program shall bear a reasonable rate of interest. In determining such rate of interest, the Plan shall require a rate of return commensurate with

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the prevailing interest rate charged on similar commercial loans under like circumstances by persons in the business of lending money. Such prevailing interest rate standard shall permit the Administrator to consider factors pertaining to the opportunity for gain and risk of loss that a professional lender would consider on a similar arms' length transaction, such as the creditworthiness of the Participant and the security given for the loan. Therefore, in establishing the rate of interest, the Administrator shall conduct a reasonable and prudent inquiry with professional lenders in the same geographic locale where the Participant and Employer reside to determine such prevailing interest rate for loans under like circumstances.

7. **Collateral.** The Plan shall require that adequate security be provided by the Participant before a loan is granted. For this purpose, the Plan shall consider a Participant's interest under the Plan to be adequate security. However, in no event shall more than 50% of a Participant's interest in the Plan (determined immediately after the origination of the loan) be used as security for the loan.

8. **Default Procedures.** Generally, a default occurs upon the failure of a Participant to timely remit payments under the loan when due. The Administrator will consider a loan in default no later than the last business day of the calendar quarter following the calendar quarter in which the Participant failed to timely remit a scheduled payment (the cure period). The Administrator will also consider a loan in default if the Participant makes or furnishes any false representation or statement to the Plan.

9. **Consequences of Default.** At the time of such default, the Participant will have the opportunity to repay the loan, resume current status of the loan by paying any missed payment(s) plus accrued interest or, if a distribution is available under the terms of the Plan, request a distribution of the note. The Administrator will treat a loan that has been defaulted upon and not timely corrected during the cure period as a deemed distribution from the Plan. In such event, the outstanding balance of the loan plus accrued interest shall become taxable to the Participant as if it had been distributed and reported on a Form 1099-R issued to the Participant. Pending final disposition of the note, the Participant remains obligated for any unpaid principal and accrued interest. If repayment of a defaulted loan had been made by method other than payroll deduction, then method of loan repayment for any subsequent loans will be made by payroll deduction (pursuant to Treasury Regulation Section 1.72(p)-1 Q&A 19).

   If the loan remains in default at the time the Participant’s employment with the Employer terminates for any reason, the Administrator will offset the Participant's Account Balance by the outstanding balance of the loan to the extent permitted by law. The Administrator will treat the note as repaid to the extent of any permissible offset. With the consent of the Administrator, the Participant may elect to repay the outstanding principal with all accrued interest to the date of repayment as a lump sum.

   In the event a loan is outstanding on the date of a Participant's death, his or her estate shall be his or her Beneficiary as to the portion of his or her interest in the Plan invested in such loan. At the time of such default, the Participant’s estate will not have the opportunity to repay the loan. In such event, the outstanding balance of the loan note shall be foreclosed and

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distributed from the Plan, and become taxable to the Participant's estate and reported on a Form 1099-R issued to the Participant's estate.

10. Notwithstanding the foregoing, Participants will be allowed to suspend payments for a bona fide leave of absence and the loan will not default during such leave to the extent provided below:

    The Plan may suspend the obligation to repay a loan made to a Participant for any part of a period during which the Participant is performing service in the uniformed services (as defined in 38 U.S.C. chapter 43), whether or not qualified military service, even if the suspension exceeds one year and even if the term of the loan is extended. However, to avoid a default, the loan repayments shall resume upon the completion of such period of military service and the loan shall be repaid thereafter by amortization in substantially level installments over a period that ends not later than the latest permissible term of the loan plus the period of military service. Suspended loan payments may also be allowed in certain other circumstances or for reasons provided for in applicable IRS guidance, as issued from time to time.

    The Plan may suspend the obligation to repay a loan made to a Participant for a period during which the Participant is on a bona fide leave of absence (other than for military service) either without pay or at a rate of pay (after applicable employment withholdings) that is less than the amount of the installment payments required under the terms of the loan. Such period may not exceed one year. Loan interest accrued during such period must be paid no later than the latest permissible term of the loan. Installment payments due after the end of the leave period must not be less than the installment payments required under the terms of the original loan. Repayment of suspended payments may be made by either increasing the amount of installment payments upon the Participant's return to work or by making a lump sum payment for the suspended payments at any time prior to the latest permissible term of the loan.

11. Upon satisfaction of the criteria established for granting a loan, the Administrator may grant the Plan loan request. The Administrator shall then require that the Participant execute all documents necessary to establish the Plan loan, including a promissory note and payroll deduction agreement, a truth-in-lending disclosure and such other documents, which will provide the Plan with adequate security.

Adopted this_____day of _____, 20_____.

Employer (signature) _____

Name: (please print) _____

TITLE:_____

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