



PARTICIPANT LOAN POLICY

Your Plan permits loans to be made to Participants, their beneficiaries, and alternate payees pursuant to a written loan policy. All references to Participants in this loan policy include Participants and their Beneficiaries or any alternate payee with respect to the Plan.

The Plan Administrator is authorized to administer the Participant loan policy. A Participant must apply to the Plan Administrator for a loan in the manner set forth by the Plan Administrator.

A. **LOAN APPLICATION/BORROWER QUALIFICATION.** Any Participant may apply for a loan from the Plan. A Participant must apply for each loan with an application which specifies the amount of the loan desired, the requested duration for the loan and the source of security for the loan.

All loan applications will be considered by the Plan Administrator within a reasonable time after the Participant makes formal application.

The Plan Administrator will not investigate the Participant's creditworthiness before making the loan as the loan will be treated as a directed investment of the borrower's Account.

B. **LOAN LIMITATIONS.** All loans will be made in accordance with the Plan and laws and regulations in effect at the time the loan is made. The Plan Administrator will not approve any loan to a Participant in an amount which exceeds 50% of his or her nonforfeitable account balance. The maximum aggregate dollar amount of loans outstanding to any Participant from retirement plans sponsored by this Employer may not exceed \$50,000, reduced by the excess of the Participant's highest outstanding Participant loan balance during the 12-month period ending on the date of the loan over the Participant's current outstanding Participant loan balance on the date of the loan. With regard to any loan made pursuant to this program, the following rule(s) and limitation(s) will apply, in addition to such other requirements set forth in the Plan:

- The number of participant loans that can be outstanding from the Plan at one time may be limited by your employer.
- Loan refinancing is not permitted.
- Loans will be permitted for any reasonable purpose.
- The Employer and the Plan Administrator will determine which accounts can be used for loans.

C. **EVIDENCE AND TERMS OF LOAN.** The Plan Administrator will document every loan in the form of a promissory note signed by the Participant for the face amount of the loan, together with a commercially reasonable rate of interest.

Any loan granted or renewed under this policy will bear a commercially reasonable rate of interest established by the Plan Administrator. In determining such rate of interest, the Plan will require a rate of return commensurate with the prevailing interest rate charged on similar loans under like circumstances by persons in the business of lending money. Such prevailing interest rate standard will permit the Plan 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 Plan Administrator will 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.

The loan must provide at least quarterly payments under a level amortization schedule. If the Participant is currently employed by the Employer and the employer processes loan repayments, the Plan Administrator will require the Participant receiving a loan from the Plan to enter into a payroll deduction to repay the loan. All other loan repayments must be submitted to

TCG Administrators
Attn: Loan Department
900 S. Capital of Texas Hwy, Suite 350
Austin, Texas 78746

Loans must be paid as scheduled or in full. No partial payments, advanced payments or partial prepayments.

The Plan Administrator will fix the term for repayment of any loan; however, in no instance may the term of repayment be greater than 4 years and 9 months, unless the loan qualifies as a home loan. A "home loan" is a loan used to acquire a dwelling unit which, within a reasonable time, the Participant will use as a principal residence. The term for a home loan will be 15 years.

All loans will be considered a directed investment from the account(s) of the Participant maintained under the Plan. As such, all payments of principal and interest made by the Participant will be credited only to the account(s) of such Participant.

The loan will be taken pro rata from all investments in your account unless you specify otherwise. The Plan will charge that portion of the Participant's account balances with expenses directly related to the loan set-up, and annual maintenance, if any.

A loan, if not otherwise due and payable, is due and payable on termination of the Plan, notwithstanding any contrary provision in the promissory note. Nothing in this loan policy restricts the Employer's right to terminate the Plan at any time. If the Plan termination is in connection with a merger or acquisition, the surviving employer will determine if the outstanding loan may be transferred into their plan.

Participants should note the law treats the amount of any loan (other than a "home loan") not repaid five years after the date of the loan as a taxable distribution on the last day of the five year period or, if sooner, at the time the loan is in default. If a Participant extends a non-home loan having a five year or less repayment term beyond five years, the balance of the loan at the time of the extension is a taxable distribution to the Participant.

D. **SECURITY FOR LOAN.** The Plan will require that adequate security be provided by the Participant before a loan is granted. For this purpose, the Plan will consider a Participant's interest under the Plan (account balance) to be adequate security. However, in no event will more than 50% of a Participant's vested interest in the Plan (determined immediately after origination of the loan) be used as security for the loan. It will be the policy of the Plan not to make loans which require security other than the Participant's vested interest in the Plan.

E. **FORM OF PLEDGE.** The pledge and assignment of a Participant's account balances will be in the form prescribed by the Plan Administrator.

F. **MILITARY SERVICE.** If a Participant separates from service (or takes a leave of absence) from the Employer because of service in the military and does not receive a distribution of his or her account balances, the Plan will suspend loan repayments until the Participant's completion of military service. Participant should notify the Plan Administrator of their military leave of absence. While the Participant is on active duty in the United States military, the interest rate on the loan will not exceed six percent (6%), compounded annually.

G. **LEAVE OF ABSENCE/SUSPENSION OF PAYMENT.** The Plan Administrator will suspend loan repayments for a period not exceeding one year which occurs during an approved leave of absence, either without pay from the Employer or at a rate of pay (after applicable employment tax withholdings) that is less than the amount of the installment payments required under the terms of the loan.

H. **PAYMENTS AFTER LEAVE OF ABSENCE.** When payments resume following a payment suspension in connection with a leave of absence authorized above, the Participant will select one of the following methods to repay the loan, plus accumulated interest:

- The Participant will increase the amount of the required installments to an amount sufficient to amortize the remaining balance of the loan, plus accrued interest, over the remaining term of the loan.
- The Participant will pay a balloon payment of the remaining unpaid principal and interest, at the conclusion of the term of the loan as determined in the promissory note.
- The Participant may extend the maturity of the loan and re-amortize the payments over the remaining term of the loan. In no event will the amount of the adjusted installment payment be less than the amount of the installment payment provided under the promissory note. In the case of a non-military leave of absence, the revised term of the loan will not exceed the maximum term permitted above. In the case of a military leave of absence, the revised term of the loan will not exceed the maximum term permitted above, augmented by the time the Participant was actually in United States military service.

I. **DEFAULT.** The Plan Administrator will treat a loan as in default if

- any scheduled payment remains unpaid beyond the last day of the calendar quarter following the calendar quarter in which the Participant missed the scheduled payment

Upon default, the Participant will have the opportunity to repay the loan, resume current status of the loan by paying any missed payment plus interest or, if distribution is available under the Plan, request distribution of the note. If the loan remains in default, the Plan Administrator will offset the Participant's vested account balances by the outstanding balance of the loan to the extent permitted by law. The Plan Administrator will also issue a Form 1099 and report the unpaid principal and accrued interest of the defaulted loan as income to the IRS in the year of default. The Plan Administrator will treat the note as repaid to the extent of any permissible offset. Pending final disposition of the note, the Participant remains obligated for any unpaid principal and accrued interest.

If the Participant has ever defaulted on a loan from this Plan or any other plan of the Employer, the Participant may not have an additional loan from this Plan.



APPLICATION FOR PARTICIPANT LOAN

I hereby apply for a loan in the amount of \$ _____ from the _____ Plan:

Please fill in the number of years over which you wish to repay the loan under the applicable type of loan and select the payment method.
A. Non-Residence Loan. I understand that I must repay this loan within 5 years in substantially equal payments of principal and interest made at least quarterly; I wish to repay this loan over _____ Months (maximum 54 months).
B. Residence Loan. I hereby represent that this loan qualifies for the exception to the 5-year repayment rule because the proceeds will be used to purchase a dwelling that will be my principal residence. I wish to repay this loan over _____ years (maximum 15 years). I understand that I must enclose (1) a purchase contract and (2) a good faith estimate (or other third party documentation of cost associated with purchase) as evidence of a home purchase.
Method of Payment. If I am presently employed by the Employer sponsoring the Plan, I understand that my loan will be repaid in equal installments through payroll deductions, unless prohibited by the employer. If I am not employed by the plan sponsor or my employer does not process loan repayments, I elect to repay the loan by (CIRCLE ONE: MONTHLY OR QUARTERLY) installments by check. I understand that I am solely responsible for repayment of the loan and that if I fail to make timely loan repayments my loan will be defaulted in accordance with the terms of this loan policy. If my employer permits repayment of the loan by payroll, I understand that I am still responsible for assuring that repayments are made timely and I agree to continue repayments by check if for any reason my repayments are not made timely by payroll deduction by my employer.

I understand and agree to the following:

- 1. I acknowledge that I have been furnished with a copy of the Participant Loan Policy established by the Plan.
2. I understand and agree to execute a promissory note and pledge of 50% of my account balance as security for the loan.
3. I certify that I am of legal age and no proceedings in bankruptcy or insolvency have been instituted or are pending.
4. I certify that no divorce proceedings are currently pending and
5. I understand that if loan repayments are not made as required by this Loan Agreement and Application, this loan will be defaulted and TCG Administrators will report it as a taxable distribution to the IRS.
6. W9: Under penalties of perjury, I hereby certify that: (1) the social security number shown on this application is my correct social security number; (2) the IRS has never notified me that I am subject to backup withholding, or has notified me that I am no longer subject to such withholding or I am exempt from such withholding; and (3) I am a U.S. citizen or a U.S. resident alien. You must cross out item 2 if you have been notified by the IRS that you are currently subject to backup withholding because of underreporting interest or dividends on your tax return.
7. Loans must be paid as scheduled or in full. No partial payments or advanced payments (unless paid-in-full).
8. I certify that I have not defaulted on any loan with this employer.

By signing below, I certify that all of the information that I have provided above is correct and complete and that I have read, understand and agree to the terms of this Loan Policy and Loan Application. I understand there is a one-time \$25 loan initiation fee. I hereby authorize the Plan Administrator to verify the statements in this application and to obtain any information the Plan or its authorized representative may require in connection with this application.

EXECUTED this ___ day of _____, 20__.

Employer

Print Name of Applicant and Social Security Number

Signature of Applicant

Street Address (include apartment no.)

Signature of Applicant's Spouse (if married)

City, State, Zip Code

Telephone Number

Please return this page to TCG Administrators. Please keep the Loan Policy for your records. Your loan request cannot be processed unless all applicable portions of this page are completed and signed. Please call Customer Service at (800) 943-9179 if you have any questions about the amount available to you as a loan and/or how to complete any portion of this form.