

LOAN PROCEDURE

1. INTRODUCTION

Pursuant to your Company's 401(K) Plan (hereafter called the Plan), if you are a Plan participant, you may be eligible to borrow from the Plan. This document explains the procedures to be followed regarding loan applications and administration, and is intended to provide you with some basic information in deciding whether to apply for a loan and in making an application for a loan. It also contains information that is pertinent if you already have an outstanding loan from the Plan. Requests for further information and for the forms required to apply for a loan should be directed to the Administrator. Please note that this loan procedure may be changed without notice with respect to loans to be taken out after the date of the change as well as with respect to loans then outstanding. Therefore, before relying on the information contained in this document, you should verify that it is the current loan procedure.

2. CONTROLLING LAW

Rules relating to loans from retirement plans are found in the Internal Revenue Code of 1986 (the Code), the Employee Retirement Income Security Act of 1974 (ERISA), and in rulings and regulations issued by the Internal Revenue Service (IRS) and the Department of Labor (DOL). In addition, other federal laws, such as the Truth-In-Lending Act and various credit reporting acts may also apply. Certain state laws may also be applicable, to the extent they have not been superseded by ERISA or other federal law. ERISA and the Code are both structured to reflect the fact that any loan must represent, as between you and the Plan, the same type of genuine debtor/creditor relationship that would exist between you and a bank if you sought the same loan from an unrelated lending institution operating in a conventional commercial context.

3. ELIGIBILITY REQUIREMENTS

You are eligible to borrow from the Plan if you are a participant, a beneficiary of a deceased participant, or an alternate payee under a qualified domestic relations orders. In addition, you must satisfy three conditions. **First**, you must be a party-in-interest (which you are if you are employed by the Company or if you are a fiduciary of the Plan). **Second**, you must have a vested and unencumbered account in the Plan that can be pledged as security for repayment of the loan and that is sufficient to secure such repayment without violating DOL rules which limit the portion of your account that can be pledged for this purpose. **Finally**, you must be capable of executing legally enforceable instruments such as notes, security pledges, and such other documentation as may be required to create a borrower/lender relationship and protect the assets of the Plan.

4. APPLICATION PROCEDURE

All loan applications must be made on forms provided by the Administrator and must be supported by such documentation as required by the Administrator. Each completed application should be submitted to the Administrator at least 30 days prior to the date on which the loan is to occur. If the application is incomplete when submitted, you will be notified of the deficiencies in the application within 10 business days of the date on which the incomplete application is received. Within 15 days of the date on which a completed application is received, the Plan Administrator will advise you in writing of (1) whether the loan has been approved in whole or in part, or denied in whole or in part, (2) your right to appeal any denial or partial denial and the procedures to be followed in any such appeal, and (3) the steps to be taken and the documents to be executed and delivered in order to complete the loan transaction if the loan has been approved in whole or in part.

5. GRANT OR RENEWAL CRITERIA

Each loan application will be evaluated (and the requested loan either granted or denied) on the basis of the following criteria:

Fund Availability: The Plan can only make a loan (1) if it has funds available to lend without violating rules relating to the prudent investment of Plan assets; (2) if the loan will not impair the liquidity of the Plan; and, (3) if you are deemed to be a highly compensated employee, the loan will not diminish available funds so as to prevent non-highly compensated employees from having comparable access to loans from the Plan.

Creditworthiness: It can be determined if you are likely to be able to repay the loan on a timely basis after examining your personal financial statement, reports (if any) received from credit agencies, and such other information as the Administrator deems necessary. However, in general, you will be deemed creditworthy:

If your total monthly loan obligations to all lenders, including the payments to be made on the requested loan from the Plan, do not exceed 25% of your monthly income from all sources; or

If your monthly household income available to meet housing, utilities, transportation, clothing, insurance, food, medical care, and similar necessities, is at least \$2,000 after rent or mortgage payments, and after service of all indebtedness (including the requested loan) in accordance with its terms; or

If you authorize repayment of the loan by payroll deduction and the Company agrees to make such payroll deductions; or

If you pledge as security for repayment of the loan that portion of your account balance in the Plan (1) which is fully vested, unencumbered, and is not contingent on your survival of any other person or fulfillment of any material condition precedent; (2) which is equal to an amount not less than the amount of the loan, and (3) which when added to all other amounts of your vested interest pledged to secure other loans (if any), does not exceed 50% of that portion of your vested interest in the Plan that satisfies the description in clauses (1) and (2) above.

Purpose Of Loan: The proceeds of any loan from the Plan must be used (1) for medical expenses incurred by you or your family; (2) for the purchase (excluding mortgage payments) of your principal residence; (3) for tuition for the next semester or quarter of college for you or your family; or (4) for payments needed to prevent your eviction from, or foreclosure on the mortgage of, your principal residence; or (5) for any other reason that is approved by the Administrator.

Loan Amount: The minimum loan that can be made from the Plan is \$1,000. The maximum loan that can be made to you based on your Account balance is \$50,000.00.

Spousal Consent: If you are married, you must deliver to the Administrator your spouse's written and notarized consent before a loan can be approved. If your spouse cannot be located, a notarized affidavit to that effect is required in lieu of your spouse's consent.

Party-In-Interest Status: You must be a party-in-interest (as that term is defined in section 3(14) of ERISA at the time the loan is to be made.

6. TERMS AND CONDITIONS

Length Of Loan: A loan is generally limited to a maximum of 5 years, but it may be shorter than 5 years if you wish a shorter term or if your Account balance is scheduled to be distributed on a date earlier than 5 years from the date of the loan. The length of the loan may be more than 5 years if you are a participant in the plan and the purpose of the loan is to finance the purchase of your principal residence. In such cases, the length of the loan cannot exceed the lesser of the number of years a local commercial bank offers for a standard residential mortgage and the difference between your age and the Plan's Normal Retirement Age.

Payments: Loans will be repayable by payroll withholding or by monthly payments of principal and interest, where such periodic payments are calculated to be equal in amount over the term of the loan. All loans can be prepaid without penalty, but no prepayment will be accepted unless it is a payment of the entire principal and accrued interest remaining unpaid as of the date of prepayment.

Amount Of Loan: The maximum loan that can be made, when added to the outstanding balance of all your other loans from the Plan, cannot exceed the lesser of (1) \$50,000 reduced by your highest unpaid loan balance (principal and interest) during the 1-year period ending on the day before the loan is made, or (2) 50% of the vested portion of your account balance.

Expenses: The actual and reasonable expenses (including attorney's fees) incurred by the Plan in connection with the documentation of a loan, the recording of security interests, the enforcement of the terms of the loan, and in collection activities associated with any default, will be charged to your Participant's Account.

Security For Repayment: Each loan will be secured by a pledge of not more than 50% of the vested interest in your account, which pledge will create a first lien in that interest. If the amount so pledged is not, in the Administrator's judgment, sufficient to assure full repayment of the principal, all accrued interest and the cost of enforcement of the terms of the loan in the event of default, additional security will be required. The additional assets pledged as security will be such that, in the event of default, they may readily be foreclosed upon, sold or otherwise disposed of to persons who are not parties-in-interest or disqualified persons (within the meaning of section 4975(e)(2) of the Code) where the anticipated proceeds of such distress sale or disposition would be at least as much as the unamortized loan balance not fully secured by a pledge of your vested interest in your account. Normally, additional security will be acquired by the pledge (accompanied by appropriately endorsed stock powers or other documents facilitating transfer of ownership) of (1) stocks, bonds, and other negotiable securities traded on a national exchange or for which there exists a readily accessible market, (2) bank certificates of deposit, (3) cash value life insurance policies, and (4) similar investment assets. Where you are unable to provide security of the type described in the preceding sentence, and where the purpose of the loan is to meet emergency or humanitarian needs, the Administrator is authorized to direct the acceptance of a security interest creating a recordable first lien interest in investment real property (other than real property in or on which you reside) having a value (as determined by an independent appraiser) equal to at least 200% of the amount of the security interest therein, or a real estate tax assessment base of at least 125% of the amount of the security interest therein.

Interest Rate: All loans must bear a reasonable rate of interest. Under regulations issued by the DOL, the Plan must charge a rate of interest that will generate a return commensurate with the interest rates charged by persons in the business of lending money for loans which would be made under similar circumstances. Therefore, when the Administrator receives a loan request, the Administrator will conduct a survey of interest rates charged by at least three lending institutions in the major metropolitan community (a city having a population in excess of 100,000) in which you reside (or nearest to such residence if you do not reside in a major metropolitan community as so defined) regularly engaged in making loans substantially similar in nature to the requested loan. The interest rate to be charged will be the average of the interest rates so determined, or, if greater, the guaranteed yield available (before adjustment for administrative charges, surrender charges, etc.) for the first 36 months under a guaranteed investment contract issued on the date of reference by a life insurance company that is among the 50 largest such companies issuing such guaranteed investment contracts.

Events of Default: If an Event of Default occurs, all unpaid principal and accrued interest become due and payable on the fifth business day following the occurrence of the default, without further notice. The occurrence of any of the following Events of Default will constitute a default:

If your failure to pay the full amount of any installment payment on the date when due (or, if such date is not a regular business day where the loan is administered, on the next business day);

If any other note of yours to the Plan becomes or is declared to be due and payable prior to its maturity;

If you or any guarantor of any of your obligations dies (unless, within 5 business days of the death of a guarantor, a suitable substitute executes a guarantee satisfactory to the Administrator);

If a distribution of Plan benefits is made to you, your beneficiary, or to a person who is an alternate payee of your interest in the Plan, and the event of default is not waived in writing by the Administrator;

If any property you pledged as security for the loan becomes subject to attachment or garnishment, or is otherwise disposed of, unless you provide adequate substitute security approved by the Administrator;

If you make an assignment for the benefit of creditors; file a petition in bankruptcy; are adjudicated insolvent or bankrupt; or become the subject of any wage earner plan under the federal Bankruptcy Code or under any applicable state insolvency law.

If a bankruptcy, insolvency, or similar proceeding is started against you and is not dismissed by the 60th day after the date on which the proceeding was started, or you consent to or approve of any such proceeding or the appointment of any receiver for you or any substantial part of your property, or the appointment of any such receiver is not discharged within 60 days;

If the consent of your spouse (if required) is effectively revoked or otherwise becomes invalid or inoperative;

If the Administrator determines that the loan's security has become inadequate and you fail to provide adequate security within 5 business days after receipt of written notice from the Administrator that the provision of such additional security is required.

If your party-in-interest status is interrupted and you fail to regain such status within 55 days, or by the date on which you receive a distribution from the Plan, whichever is the earlier to occur.

If an Event of Default occurs and you fail to pay the entire outstanding balance (principal and accrued interest) of the loan within 5 business days after the occurrence of the Event of Default, the Administrator will take such action as it deems necessary or desirable to preserve Plan assets. These actions may include demand for payment served upon any guarantor of your obligation, commencement of legal proceedings against you and against any guarantor who has refused to honor a guarantee, foreclosure upon and disposition of so much of the assets pledged as security for the loan as is necessary to retire the entire amount thereof and to pay all reasonable costs associated with collection of the unpaid loan balance (including costs associated with conducting a sale or other disposition of pledged assets), or a combination of legal action and disposition of assets pledged as security for the loan. Disposition of assets pledged as security for the loan may include public or private sale of the pledged assets, with or without competitive bidding, as determined by the Administrator, who will consider the general interests of the Plan to be superior to your interests in conducting any such disposition of assets. If the disposition of pledged assets does not yield sufficient funds to satisfy the entire indebtedness, the Administrator will begin legal proceedings against you to collect the balance of the loan, unless it appears to the Administrator that such proceedings would not be in the best interests of the Plan. Proceeds from the disposition of pledged assets will be applied first to defray the reasonable expenses of conducting the sale, including reasonable attorney's fees, then to payment of accrued but unpaid interest on the loan, then to the repayment of the principal balance of the loan, and finally, to the extent that there remains any unapplied surplus, to your interest (either by credit to your account, or by direct payment to you, as is determined by the Administrator to be appropriate).

7. MISCELLANEOUS MATTERS

You, as borrower, will agree, on your own behalf and on behalf of your beneficiaries, to accept your promissory note at full face value (principal balance, plus accrued interest) as part of any benefit distribution that becomes payable to you or your beneficiaries while any portion of the principal or interest on the loan remains unpaid.

No amount from your account will be distributed to you other than by distribution of your promissory note to the extent that such distribution would reduce your vested interest in your account balance to an amount less than 200% of the then outstanding account balance (accrued interest and principal balance) unless there has been delivered to the Administrator sufficient additional collateral to assure repayment of the principal balance of the loan and full repayment of interest thereon, and the Administrator has agreed to accept such collateral in lieu of any amounts then to be distributed to you which would otherwise have collateralized the loan.

If a qualified domestic relations order (QDRO) is served upon you pursuant to which an alternate payee is granted an interest in all or part of your account, the portion of your account made subject to the (QDRO) will not be considered a part of your account balance when calculating your ability to borrow from the Plan. If a QDRO is served upon the Plan at a time when you have a loan outstanding, the QDRO will be deemed to apply first to your unencumbered account balance (to the extent such application does not violate the terms of the QDRO). If the QDRO applies to any part of the assets pledged by you as security for the repayment of a loan, the assets so affected will continue to be encumbered by the security interest of the Plan therein, which will be superior to any interest of the alternate payee in those assets.

All loans must be properly documented. However, documentation alone does not establish a transaction as a loan. If for example, it is shown that you did not intend to repay the loan, or that the Plan did not expect repayment and did not take appropriate steps to compel that repayment in the event of a default, the transaction could be recharacterized, and adverse income tax consequences could result.