

401(k) LOAN PAC

Use this Loan Pac to...

- Learn the basics about 401(k) loans and some things to think about before taking one
- Understand the Terms & Conditions pertaining to 401(k) loans through our company 401(k) plan
- Place an official request for a 401(k) loan from your account with our company 401(k) plan

EMPLOYEES...

Our company 401(k) plan allows participants to borrow from the fully-vested portion of their 401(k) accounts. The Terms & Conditions that apply to all loans from our company 401(k) plan are contained in this 401(k) Loan Pac. Please read them carefully before signing your Official 401(k) Loan Request; due to the negative consequences 401(k) loans can have on your long-term 401(k) savings, you may want to consult a tax or financial planning advisor before taking out your 401(k) loan.

TO BEGIN...

Read and initial each of the introductory pages, then complete the Official 401(k) Loan Request, Promissory Note, and Disclosure Statement, and have your spouse, if any, complete the Consent of Spouse. Then return the completed 401(k) Loan Pac to our Plan Administrator. Please allow four to five weeks for processing.

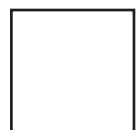
SOME THINGS TO REMEMBER

401(k) LOANS AREN'T JUST QUICK CASH!

If you're considering a 401(k) loan, just remember...

- Applying for a 401(k) loan is time consuming.
- It can take up to six weeks before your cash is available.
- 401(k) loans are expensive! You pay post-tax loan repayments, plus the possibility of various investment account exit fees. In addition, the investment shares purchased with loan repayments may include new purchase fees and/or new contingent exit charges.
- If you leave your job you have only 90 days to repay the loan — in full. If you don't (or cannot afford to) repay, any balance outstanding after the 90 days must be reported to the IRS as a loan default; loan defaults are red flags to the IRS and have the potential of triggering an audit.
- If you default on your loan, you will be assessed a 10% federal excise tax plus state and federal income taxes against the unpaid balance.
- Pulling money from your 401(k) account has a long-run negative compounding effect: You'll likely have significantly less money available to you at retirement than you would if you didn't dip into your 401(k) savings.

Remember, 401(k) loans were established to help participants in desperate situations. They were not intended as a standard money-lending alternative and have been barbed with penalties and restrictions to inhibit their becoming such.



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STEP-BY-STEP PROCEDURES

FOR 401(K) LOANS

1. GET LOAN PAC

Start by requesting and receiving a 401(k) Loan Pac from our Plan Administrator.

2. COMPLETE LOAN PAC

Read through the entire application package, completing all relevant information. Then return the Loan Pac to the Plan Administrator for processing.

3. WAIT FOR APPROVAL/DENIAL

We will approve or deny your loan within approximately 10 days of receiving your completed 401(k) Loan Pac. If the loan is denied, we will inform you in writing. Please see your Summary Plan Description for details about your rights and procedures regarding information about a denied loan request.

4. ASSET LIQUIDATION

Our Plan Administrator will inform the investment company(ies) of your request for assets to be liquidated for 401(k) loan purposes.

The investment company(ies) will then liquidate the requested portion of your 401(k) account and will send the proceeds to us. The liquidation may include appropriate contingent deferred sales charges ("exit charges") and/or other premature liquidation charges, as described in the investment prospectus(es) for each affected investment.

5. ISSUANCE OF CHECK

We will deposit the proceeds of the liquidation into our 401(k) Trust bank account and issue you a counter check from the account in the same amount.

ESTIMATED DURATION

If paperwork is not delayed, the entire 401(k) loan process can usually be completed in four to five weeks.



TERMS & CONDITIONS

FOR 401(K) PLAN LOANS FROM OUR COMPANY PLAN

Upon the approval of your written loan application, you, the "Participant," are subject to the following conditions:

- Loans shall be made in accordance with a uniform, non-discriminatory policy and shall not be made in any manner that favors highly-compensated Participants or officers or shareholders of our company. No loan shall be permitted unless the initial balance of such loans equals or exceeds \$1,000.
- The amount of any loan outstanding at any time shall not exceed 50% of the Participant's account balance, with the maximum loan plus interest not to exceed \$50,000.
- All loans shall be deemed to be investments directed by the Participant for his or her accounts in the 401(k) Trust, pursuant to §404(s) of ERISA, and shall be secured by the Participant's accounts. Loans against a Participant's accounts are to be credited to the Participant's accounts; all repayments, including interest thereon, shall be applied to said accounts and reinvested as soon as possible.
- Interest shall be charged on such loans by the Trustee in accordance with such standards as shall be established and communicated to plan participants.
- All loans shall be repaid by after-tax payroll deductions according to a fixed prepayment schedule measured from the date a loan is made. All loans shall be repaid within a period not to exceed five (5) years, ten (10) years if the loan is for a primary residence, or within 90 days upon termination of employment for any reason.
- The minimum monthly loan repayment is \$50. Loans for between \$1,000 and \$1,999, therefore, must be repaid within 12 months or less. Loans for between \$2,000 and \$2,999 must be repaid within 36 months or less. Loans for between \$3,000 and \$50,000 must be repaid within the maximum five years or less (60 months).
- Ten-year loans for a primary residence cannot be for less than \$6,000 nor more than \$50,000.
- The Trustee shall not be liable for any loss occasioned to the Trust Fund should it be determined that any loans do not meet the "prudent person" standards of ERISA.
- If the Participant has not repaid his or her loan according to the terms agreed upon by the Participant and the Trustee when the Participant's employment is terminated, the Trustee must report to the IRS the loan amount outstanding and any interest then due from the balance of the Participant's account in the 401(k) Plan. If the Participant does not repay his or her loan according to the terms agreed upon by the Participant and the Trustee, the Trustee may exercise such rights

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and remedies it may have as a creditor of the Participant; any expenses incurred by the Trustee in exercising such rights or remedies shall be chargeable to the Participant's 401(k) account to the extent permitted by law.

- Upon the Participant's separation from service, the Participant (or, in the case of death, his or her Beneficiary) shall be entitled to receive the fully vested value of his or her 401(k) account actually standing to his or her credit.
- Loans may be granted to any Participant no more than once in any 12 month period. Only one loan may be outstanding at any time.

THE AMOUNT OF A LOAN

If the Adoption Agreement so provides and our company elects to allocate or permits Participants to allocate a portion of their 401(k) accounts to participant loans, the Plan Administrator, in his or her discretion, can direct the Trustee to make a loan to a Participant upon receipt of a written request from the Participant. Such request must be accompanied by the written consent of the Participant's spouse, if any, within the 90-day period before the time the Participant's 401(k) account is pledged for any increase in the amount of security. The spouse's consent shall comply with federal requirements and shall be deemed to meet any requirements relating to the consent of any subsequent spouse. The total amount of any such loan shall not exceed 50% of the value of the Participant's vested 401(k) account balance as of the preceding valuation date. Notwithstanding any other provisions of these Terms and Conditions, no loan will be made to any owner-employee or shareholder-employee, as defined in § 1379 of the CODE, as in effect on the day before the enactment date of the Subchapter S Revision Act of 1982.

THE MANNER OF MAKING LOANS

A request by a Participant for a loan shall be made in writing to the Plan Administrator; the request shall specify the amount of the loan and the Participant's subaccount(s) or shares from which the loan should be made. The terms and conditions on which the Plan Administrator shall approve loans under the 401(k) Plan shall be applied on a uniform and non-discriminatory basis with respect to all Participants. When a Participant's request for a loan is approved by the Plan Administrator, the Plan Administrator shall furnish the Trustee with written instructions directing the Trustee to make the loan in a lump sum payment of cash to the Participant. In making any loan payment, the Trustee shall be fully entitled to rely on the instructions furnished by the Plan Administrator and shall be under no duty to make any inquiry or investigation with respect thereto.

THE TERMS OF A LOAN

Loans shall be made on such terms and subject to such limitations as the Plan Administrator may prescribe provided that any such loan shall be evidenced by a written note, shall bear a reasonable rate of interest on the unpaid principal thereof, shall be adequately secured, and shall be repaid by the Participant over a period not to exceed 5 years — unless the loan is solely for the purpose of acquiring, constructing, reconstructing or substantially rehabilitating a dwelling unit used or to be used as the principal residence of the Participant or a member of his or her immediate family; a loan for the purpose of providing for a principal residence must be repaid within 10 years. The rate of interest to be charged shall not violate any applicable usury law; it shall be determined by our company in accordance with the rates quoted by representative financial institutions in the local area for similar loans.

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SECURITY FOR A LOAN

Any loan to a Participant under the Plan shall be secured by the pledge of all the Participant's right and title to and interest in the Trust. Such pledge shall be evidenced by the execution of a promissory note by the Participant, a note that shall provide that, in the event of any default by the Participant on the loan repayment, the Plan Administrator shall be authorized (to the extent permitted by law) to deduct the amount of the loan outstanding and any unpaid interest due thereon from the Participant's wages or salary to be thereafter paid by our company and to take any and all other actions necessary and appropriate to enforce collection of the unpaid loan. In the event that the value of the participant's vested account at any time is less than 75% of the outstanding loan balance, the Plan Administrator may request additional collateral of sufficient value to adequately secure the repayment of the loan. Failure to provide such additional collateral upon request of the Plan Administrator shall constitute an event of default.

SEGREGATED INVESTMENT

Loans shall be considered a Participant-directed investment and, for the limited purposes of allocating earnings and losses pursuant to Article 5 of the Plan, shall not be considered a part of the common fund under the Trust.

THE REPAYMENT OF A LOAN

The Plan Administrator shall have the sole responsibility for insuring that a Participant makes all loan repayments in a timely manner and for notifying the Trustee in the event of any default on the loan by the Participant. Each loan repayment shall be paid to the Trustee; each shall be accompanied by written instructions from the Plan Administrator that identify the Participant on whose behalf the loan repayment is being made.

DEFAULT ON A LOAN

In the event of a termination of the Participant's employment with our company or a default by the Participant on a loan repayment, all remaining payments on the loan shall be immediately due and payable. Our company shall, upon the direction of the Plan Administrator and to the extent permitted by law, deduct the total amount of the loan outstanding and any unpaid interest due thereon from the wages or salaries payable to the Participant by our company in accordance with the Participant's promissory note. In addition, the Plan Administrator shall take any and all other actions necessary and appropriate to enforce collection of the unpaid loan. Attachment of the Participant's account pledged as security will not occur, however, until a distributable event occurs under the Plan.

FAILURE TO MAKE INSTALLMENT PAYMENT

Failure to make any installment payment under the terms of a loan causes the *entire* outstanding balance of the loan to be a "deemed distribution", meaning that a *taxable* distribution is deemed to have been made to the participant in the amount of the value of the loan (including accrued interest) even though no actual distribution has taken place.

To help avoid the above result, the IRS guidance allows a plan to establish a "grace period" (for tax code purposes only) that could be as late as the end of the calendar quarter following the calendar quarter in which the required installment was due.



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Example: Participant P borrows \$20,000 from Plan Q on April 15, 1996 through a five-year loan that calls for 60 monthly payments to be made at an annual interest rate of 8.00% (i.e., sixty monthly payments of \$405.53 starting May 15, 1996). P makes payments on time until May 15, 1999, but fails to make the May 15, 1999 payment and each monthly payment thereafter.


- Situation I: Plan Q allows a three-month grace period. By failing to make the May 15, 1999 payment, P has a deemed distribution of \$9,207.84 on August 15, 1999 (i.e., the \$8,966.34 loan balance as of the 4/15/99 payment plus the accruing monthly interest through August 15, 1999).
- Situation II: Plan Q allows a “next calendar quarter” grace period. In this case, P has a deemed distribution of \$9,300.13 on September 30, 1999 (i.e., the accrual of one and a half month’s interest on the \$9,207.84 calculated in Situation I).

REPORTING A DEEMED DISTRIBUTION ON FORM 1099-R

A deemed distribution is reported as taxable income on Form 1099-R, which must be given to a participant by January 31 of the year following the year in which the deemed distribution occurs. The plan trustee must file Form 1099-R with the IRS by the following February 28 (regardless of if the year is a leap year).

SUMMARY OF REMAINING IRS GUIDANCE

1. A participant loan is treated as a deemed distribution unless all of the following three conditions are met:
 - a. The amount of the loan does not exceed the lesser of (i) \$50,000, reduced by the highest outstanding loan balance during the immediately preceding 12-month period, or (ii) the greater of \$10,000 or one-half of the value of a participant’s vested benefit.
 - b. The loan must be amortized (at least quarterly) and repaid within five years, unless the loan is used to acquire a participant’s principal residence, in which case a longer period is permitted.
 - c. A written promissory note is secured.
2. If a loan either on its face or in operation fails to meet the above requirements, a deemed distribution will occur. For example, (i) if a non-principal residence loan provides for level quarterly installments over seven years, the entire loan is a deemed distribution at the time it is made; it is irrelevant that, in actual practice, the loan will be repaid within five years; or (ii) if a loan is drafted correctly but payments are not made in accordance with the loan’s terms, a deemed distribution occurs (as discussed above in Failure to Make Installment Payment).
3. Although refinancing generally does not qualify as a principal residence loan, a plan loan used to repay an interim third-party “bridge” loan may qualify as a principal loan. For example, if on July 1, 1999, Participant P requests a 15-year \$50,000 home loan from Plan Q, and on August 1, 1999, purchases a home using a \$50,000 bank loan; then on September 1, 1999, Q processes P’s 401(k) loan request and lends P the \$50,000, which P uses to immediately pay off the bank loan, the \$50,000 loan from plan Q qualifies as a principal residence loan.

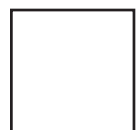

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4. If a participant is on a leave of absence without pay, installment payments may be suspended for up to 12 months (if the terms of the loan so permit). Interest continues to accrue, however, and the loan must be fully repaid by the original maturity date, by either “catch-up” payments or a “balloon” payment at maturity.
5. Because a deemed distribution is a taxable event, it may trigger other taxes. For example, if a participant is under age 59 ¹/₂, a deemed distribution triggers a 10% early distribution tax.

RELIANCE ON EMPLOYEE’S REPRESENTATIONS

Generally, a Plan loan will be treated as necessary to satisfy the financial need if our company relies upon the employee’s representation that the need cannot be met by insurance, reasonable liquidation of assets (not itself creating a hardship), cessation of elective contributions and employee contributions, or by borrowing from commercial sources on reasonable commercial terms.

A need cannot reasonably be relieved by one of the above actions if the effect would be to increase the amount of the need. For example, the need for funds to purchase a principal residence cannot reasonably be relieved by a Plan loan if the loan would disqualify the employee from obtaining other necessary financing. [Reg. §1.401(k) - 1(d)(2)(iii)(B).]



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LOAN POLICY GUIDELINES

FOR LOANS FROM OUR COMPANY 401(K) PLAN

REASONS FOR GRANTING A LOAN

A loan shall be permitted only if deemed by the Plan Administrator to be necessary to alleviate financial need caused by one or more of the following:

- Medical expenses to the Participant or his or her spouse and/or dependents (Such expenses include insurance premiums and transportations costs essential to receiving medical care.)
- A down payment on a principal residence for the Participant
- Payment of next semester's or next quarter's tuition at a post-secondary school for the Participant or his or her spouse, children and/or dependents
- Payments needed to prevent the Participant's eviction from his or her principal residence or the foreclosure on the mortgage on his or her principal residence

MAXIMUM TERM OF REPAYMENT

Neither the Plan Administrator nor the Benefits Committee shall approve a Participant loan with a term of repayment that exceeds...

1. Five years if the loan amount (principal plus interest) is \$1,000 to the \$50,000 maximum.
2. Ten years if the loan is for a home purchase.

INTEREST CHARGE

The Plan Administrator or Benefits Committee shall only approve a Participant loan with interest terms where the annual interest will be equivalent to _____%, which is equal to prime plus 2%. This annual interest rate shall be fixed during the duration of the loan.

OFFICIAL 401(k) LOAN REQUEST

FOR LOANS FROM OUR COMPANY 401(k) PLAN

PARTICIPANT LOAN REQUEST

BORROWER NAME

SOCIAL SECURITY NUMBER

I request a loan from my 401(k) account not to exceed (designate one) \$_____ (may not exceed 50% of account balance), or _____% (may not exceed 50% of account balance), of my vested 401(k) balance. I understand money will be withdrawn from my 401(k) account to fund the loan, and when money is withdrawn from my 401(k) the investment company(ies) that hold my 401(k) funds may charge me deferred sales fees, as described in the mutual fund prospectuses.

Once the amount of the net liquidation proceeds is known, I will receive this amount in a lump sum and this amount shall constitute the loan.

I authorize my employer to establish a loan repayment schedule in my behalf. Loan payments are to be made monthly and funded completely by after-tax payroll withholding, which I hereby authorize. I understand that the loan payments will be deducted automatically from my payroll. These loan payments are not tax-deductible and are not to be confused with pre-tax 401(k) contributions.

I am entitled to pay off my loan ahead of schedule without incurring a prepayment penalty. I understand that I may not increase the loan or extend payments beyond those specified, and that I must fully retire this loan and wait a minimum of 12 months before requesting a new loan.

If I skip loan payments except payments that have been suspended because of a Leave of Absence, or if I leave my employment for any reason (including termination or disability), I understand that after 90 days this will result in an immediate distribution of the unpaid balance of the loan. I will be obligated to report this pre-retirement distribution and become liable for any penalties and taxes imposed by governmental agencies. I have been advised to consult with a tax advisor concerning the specifics of any pre-retirement distribution from the 401(k) plan.

CONSENT OF SPOUSE

FOR LOANS FROM OUR COMPANY 401(K) PLAN

NON-MARRIED PLAN PARTICIPANTS

Check here if you, the employee-participant requesting a 401(k) loan, are NOT married.

SPOUSAL CONSENT

I, _____, spouse of
_____, hereby consent to the loan request from my
spouse's nonforfeitable accrued benefit. I understand the execution by the Trustee on
the loan may reduce the sum distributable to me from my spouse's accrued benefit under
the Plan, should I survive my spouse.

I execute this consent on this _____ day of _____,
20 _____.

SIGNATURE OF SPOUSE

X _____
SPOUSE SIGNATURE

WITNESS SIGNATURE

The Plan Administrator or a Notary Public must witness spousal consent to a 401(k) loan request.

X _____
WITNESS SIGNATURE DATE

PROMISSORY NOTE

(INTEREST INCLUDED)

FOR LOANS FROM OUR COMPANY 401(K) PLAN

Office Use Only

- Amount of Loan: \$ _____
- Fixed Interest Rate for Loan (Prime plus 2% per annum): _____
- Monthly Loan Repayment Payroll Deduction Amount: \$ _____
- Monthly Loan Repayment Payroll Deduction Start Date: ____ / ____ / ____
- State of Transaction: _____

THE AGREEMENT

For value received, I, the undersigned borrower, promise to pay to the company 401(k) Trust the Amount of Loan listed above, with interest on unpaid principal a fixed rate of prime plus 2% per annum. Principal and interest are payable in accumulated payroll deductions, which, each month, equal the Monthly Loan Repayment Payroll Deduction Amount listed above. These deductions shall begin on the Monthly Loan Repayment Payroll Deduction Start Date listed above and continue until said principal and interest have been paid.

I understand that each payment shall be credited first on interest then due, the remainder on principal, and that interest shall thereupon cease upon the principal so credited. Should I default in payment of any installment when due, the entire sum of principal and interest shall become immediately due at the option of the holder of this note. Principal and interest are payable in lawful money of the United States. If action be instituted on this note, I promise to pay such sum as the Court may fix as attorney's fees. This note is secured by my employment compensation and/or the vested assets of my personal 401(k).

SIGNATURES

X _____
BORROWER (PLAN PARTICIPANT) SIGNATURE DATE

X _____
SPOUSE SIGNATURE DATE

PARTICIPANT LOAN DISCLOSURE STATEMENT

FOR LOANS FROM OUR COMPANY 401(K) PLAN

Office Use Only

• Borrower's name:

• Borrower's home address:

• Principal amount of loan not to exceed (complete and circle one):

a. \$ _____ or b. _____% of vested balance

• Annual percentage rate (prime plus 2% per annum): _____

• Repayment Start Date: ____/____/____

TERMS OF LOAN

PAYMENT SCHEDULE

I, the undersigned Participant, will make consecutive payments beginning with the first payment on the date listed above. All payments will be made by regular payroll deduction from my salary.

PRE-PAYMENT

It is agreed that the unpaid balance of the loan, together with the accrued interest, may be paid in full at any time without penalty.

COLLATERAL

In order to protect the Plan in the case of default in repayment of principal and interest of the loan, I, the Participant, have assigned my entire right to, title and interest in my individual account in the 401(k) Plan.

DEFAULT

In the event that I, the Participant, fail to make any payment within 90 days after its due

date or otherwise fail to act upon my obligations as required by my Promissory Note and this Disclosure Statement, the Trustee may exercise such rights or remedies as it may have as a creditor of me, the Participant. In addition, any expenses incurred by the Trustee in exercising such rights or remedies shall be chargeable to my individual 401(k) account to the extent permitted by law.

TERMINATION OF EMPLOYMENT

In the event that my employment with the company is terminated, I understand that I (or in the case of my death, my designated beneficiary) shall be entitled to receive that value of my account actually standing to my credit, reduced by the amount of any outstanding loan, plus interest, and that there shall be no further obligation to repay the outstanding balance of the loan.

ACKNOWLEDGEMENT

I acknowledge receipt of an exact and completed copy of this Disclosure Statement.

SIGNATURES

X _____
BORROWER (PLAN PARTICIPANT) SIGNATURE DATE

X _____
SPOUSE SIGNATURE DATE

X _____
PLAN ADMINISTRATOR SIGNATURE DATE

DISPOSITION OF APPLICATION

FOR LOANS FROM OUR COMPANY 401(K) PLAN

Office Use Only

APPROVED LOAN REQUESTS

The Source of Funds for the loan amount requested is to be obtained from the Participant's 401(k) Investment Selections in relatively proportional amounts, unless otherwise specified below:

investment name	percent of loan
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %

DISAPPROVED LOAN REQUESTS

The Official 401(k) Loan Request has been disapproved because:

- the loan applicant did not provide the requested signatures.
- the reason for the loan is outside loan administrative policy.
- of inadequate collateral.
- other: _____

SIGNATURE REQUIRED

X _____
PLAN ADMINISTRATOR SIGNATURE DATE

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract), because all or part of the applicant's income derives from any public assistance program, or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning this creditor is the Federal Trade Commission, 150 Causeway Street, Boston, MA 02114.