REQUEST FOR LOAN INSTRUCTIONS

LOANS FROM THE PLAN

When permitted by the Plan Document, a participant may apply for a loan from the Plan. The Participant Loan Program sets forth the rules and guidelines for granting loans and the Plan Administrator follows these rules and limitations in considering a participant's request for loan.

PLAN ADMINISTRATOR AND PARTICIPANT PROCEDURES

The loan process begins with the Plan Administrator forwarding a copy of these instructions and the Request for Loan form to the participant for completion.

Upon receiving the completed paperwork and loan processing fee from the participant, review the form to verify that the participant fully completed their sections of the form and then complete the following Plan Administrator sections of the Request for Loan form:

SECTION 2: PAYROLL SCHEDULE AND VESTING (PLAN ADMINISTRATOR)
In this section identify the proper payroll schedule and next two payroll dates for the participant so that the amortization schedule can be created. In order to allow sufficient time to incorporate the new loan payment into payroll, identify the number of days advance notice required for payroll purposes. In addition, in order to calculate vesting, hours worked by the participant will need to be provided.

SECTION 3: ELECTRONIC FUND TRANSFERS (PARTICIPANT)
Electronic fund transfers are only allowed for plans with Guardian of amounts greater than $5,000, ING, John Hancock and Nationwide. If you have assets with one of these investment managers and you want your funds electronically transferred, complete this section. In addition, you will need to submit a copy of a voided check. If this section is not fully completed, a check will be issued.

SECTION 4: REQUIRED SIGNATURES (PLAN ADMINISTRATOR AND PARTICIPANT)
The form must be signed by the Plan Administrator and the participant. In addition, if the participant is married and the Plan has annuity provisions, the participant's spouse must sign the form. The spouse's signature must be witnessed by the Plan Administrator or a Notary Public.

PAPERWORK PLAN ADMINISTRATOR MAY WANT TO KEEP ON FILE:
It is the responsibility of the Plan Administrator to keep proper documentation for all loans. Many Plan Administrators choose to maintain loan files that include a copy of the loan request; truth-in-lending, promissory note and irrevocable pledge and assignment; loan distribution check; amortization schedule; and any correspondence regarding the loan.

NOTE: If you have any questions concerning a participant's loan request, please contact The Retirement Advantage, Inc. **before** the loan is initiated. Failure to follow the proper procedures could result in adverse tax consequences for the participant and possible tax disqualification or other penalties for the Plan. Before signing as Plan Administrator, please review the **Request for Loan** form for completeness. The form will be returned to the Plan Administrator if it is not complete.

Typically, all loans will be granted provided the applicant is a current participant or "party-in-interest" as defined under ERISA §3(14), has not defaulted on a previous loan and the loan request meets the Plan requirements for loans.

QUALIFIED JOINT AND SURVIVIOR ANNUITY BENEFITS

If the participant is married and the Plan allows for annuities, the participant's spouse must consent to the participant's irrevocable pledge and assignment of up to 50% of their vested account balance as security for the loan.

PARTICIPANT PROCEDURE

The loan process begins with the participant receiving and completing The Retirement Advantage, Inc. loan instructions and forms. Before making any elections on the form, the participant should read and review these instructions. The participant may wish to request a copy of the Plan's Participant Loan Program from the Plan Administrator to review before completing the **Request for Loan** form. The Participant Loan Program details all of the specific options available to the participant requesting a loan.

- **AMOUNT OF LOAN**
  The maximum amount of loan that a participant may request, when added to the outstanding balance of any current Plan loan, may not exceed the lesser of: a) $50,000 (reduced by the highest outstanding loan balance during the twelve month period preceding the date of the loan), or b) 50% of the participant's vested account balance. If the dollar amount requested exceeds the amount available for a loan from your account, TRA will process for the maximum amount available. Please see the Participant Loan Program for the minimum loan amount.

- **INTEREST RATE OF LOAN**
  The Plan Administrator is responsible for determining a reasonable loan interest rate. The Prime Rate plus 2% shall be used unless the Plan Administrator determines another rate is appropriate. The loan interest rate remains fixed throughout the term of the loan. Interest is applied on every loan payment. The loan payment is separated into principal and interest, which is deposited back into the participant's account.

- **TERM OF LOAN AND HOME LOAN**
  The loan repayment period can be up to 5 years. If the term of the loan extends beyond 5 years, the loan will be treated as a taxable distribution. However, this 5 year restriction does not apply to a loan in which a participant uses the total proceeds to acquire a principal residence. For Plans that allow mortgage loans for more than 5 years, the participant has the option of a repayment period up to 20 years when the total proceeds of the loan are to be used, within a reasonable amount of time, to acquire (through purchase of an existing home, construction of a new home, or the purchase of land to construct a new home) a principal residence. If a term of greater than 5 years is desired, please provide proof of the home purchase.

- **PAYROLL DEDUCTION AND TIMELINESS OF LOAN PAYMENTS**
  The scheduled payments for the loan, in accordance with the amortization schedule provided, will be made through payroll deduction on an after-tax basis. If a participant with a loan is temporarily laid off or on disability, the participant is still responsible for making regular loan payments to the employer via a cashier's check or money order to be included with the regular remittance. The participant should not submit the check directly to The Retirement Advantage, Inc.

  If a participant is on a leave of absence, either without pay or at a rate of after-tax pay that is less than the amount of the scheduled loan payment, loan payments may be discontinued for a period that is not longer than one year. However, the loan must still be paid in full by the final due date of the loan.

  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, the Plan may suspend the loan payments until the participants completion of military service or until the participants 5th anniversary of commencement of military service, if earlier.

- **LOAN PAYBACK AND THE PARTICIPANT'S ACCOUNT**
  The participant is actually borrowing money from their account and repaying the principal and interest back into their account. Payments will be made to the same funds that the participant has elected to deposit their regular contributions. The security for the loan is up to 50% of the participant's vested account balance. Once the loan is taken out, the outstanding loan balance does not share in any gain and/or loss as do the remaining funds in the participant's account.

- **LOAN INTEREST DEDUCTIBILITY FOR PRINCIPAL RESIDENCE**
  Under current Federal tax law, loan interest payments cannot be taken as a tax deduction on Form 1040 Schedule A of the participant's tax return unless the loan is secured by a properly filed 1st, 2nd or 3rd mortgage note according to your state's laws. If the participant wants to use this loan interest as a tax deduction, then it is the participant's responsibility, and at their own expense, to see that the proper paperwork is completed and filed since the participant must prove its deductibility to the appropriate taxing government bodies. The security interest named in the mortgage note should be the Plan. The Plan assets cannot be used to secure an interest deductible loan. Your state may have different rules for state income tax deductibility and, for this reason, the participant should consult with their Tax Advisor. The Retirement Advantage, Inc. does not provide this service.

- **THE HANDLING OF LOAN BALANCES UPON SEPARATION FROM ACTIVE EMPLOYMENT**
  The outstanding loan balance (unpaid principal and accrued interest as determined by the investment manager) is immediately due and payable upon the participant's termination of employment with the employer for any reason. The participant's certified check or money order for the amount of the outstanding loan balance must be paid to the Plan's investment manager before any distribution paperwork is completed. If the outstanding loan balance is not repaid, the loan will default and will be considered a distribution from the Plan to the participant, reducing the value of the participant's vested account balance. The participant is responsible for the tax consequences of the default.

PAYROLL DEDUCTION AND TIMELINESS OF LOAN PAYMENTS

It is the Plan Administrator's responsibility to ensure that there is a payroll deduction agreement in place to repay the loan on an after-tax basis (i.e., after applicable Federal, State and FICA tax) in accordance with the amortization schedule. Loan payments must begin on the date indicated, be in the correct amount and continue for the correct number of payments.

Failure to repay the loan in accordance with the amortization schedule may result in the loan being in default. IRS regulations provide that a loan is considered in default if a scheduled loan payment remains unpaid after the last day of the calendar quarter following the calendar quarter in which the participant missed the scheduled payment. If a loan is considered in default, the outstanding balance (unpaid principal and accrued interest as determined by the investment manager) will become taxable income to the participant in the year of default (taxed as ordinary income and may be subject to the additional 10% tax on early withdrawals).

The Plan Administrator must submit all loan payments to the Plan's investment manager in a timely manner along with any 401(k) remittance.

The participant may prepay or pay off the loan early, without penalty or charge, by cashiers check or money order payable to the Plan's investment manager for the amount of the outstanding loan balance (unpaid principal and accrued interest as determined by the investment manager).

PROCESSING

Once the Plan Administrator has reviewed, completed and signed the form, the Plan Administrator should forward the form to The Retirement Advantage, Inc. for processing. The Plan's investment manager will withdraw the funds in accordance with their established policy (as an example, the loan amount may be withdrawn proportionately from the participant's fund balances, beginning with accounts that are 100% immediately vested and then from other accounts as allowed for by the Plan). The time to complete the loan varies; however, the Plan Administrator (or, in some cases, the participant) will normally receive the loan distribution within 30 calendar days from the date The Retirement Advantage, Inc. receives the completed loan paperwork for processing.

ESTIMATED LOAN PAYMENTS

Estimated monthly loan payment per $1,000 borrowed:

		TERM OF LOAN IN YEARS					
		1	**2**	**3**	**4**	**5**	**20**
INTEREST	**7.5%**	$86.76	$45.00	$31.11	$24.18	$20.04	$8.06
RATE	**8.5%**	$87.22	$45.46	$31.57	$24.65	$20.52	$8.68
	9.5%	$87.68	$45.91	$32.03	$25.12	$21.00	$9.32

Example: If the participant is taking out a loan of $4,200 for 3 years at 8.5%, the monthly payment would be approximately 4.2 x $31.57 = $132.59.