

**SPECIMEN
PROMISSORY NOTE AND SECURITY AGREEMENT**

Date

\$ _____

FOR VALUE RECEIVED, the undersigned (“borrower”) promises to pay _____, as Trustee of the 401(k) Plan and Trust of _____ (“Plan”), the principal sum of _____ DOLLARS (\$ _____), interest thereon at the rate of _____ percent (_____) per annum from the date hereof to the date of payment. The term of the loan shall be the period set forth below for repayment of the loan by payroll deduction. The loan shall be repaid, as to both principal and interest, in accordance with the amortization schedule attached. The loan may be prepaid in full without penalty at any time.

The borrower hereby authorizes _____ (the “Employer”) to deduct from his or her paychecks (including vacation paycheck(s) and/or other periodic paychecks, if and when applicable) an amount not exceeding \$ _____ per pay period, beginning with the first pay period following receipt of the loan, and continuing for _____ pay periods or until all principal and accrued interest on the loan is entirely repaid and to transmit such deducted amounts to the Trustee as repayments of the loan. If the borrower’s pay period changes, the Employer may, at its option, adjust the amount withheld accordingly so that proper repayment of the loan occurs.

This Promissory Note shall be treated as an individual investment of the borrower’s _____ Account under the Plan. Moreover, to secure payment of said Note, the borrower hereby grants to the Trustee, or its assigns, a security interest in 50% of the portion of the Accounts which are 100% vested as of the date said Note is issued. Upon payment in full of all amounts owing under this Note, the above referenced security interest shall terminate automatically.

Events of Default:

Each of the following shall be considered events of default, the consequences of which are set forth below:

Any failure to make timely payment of principal and interest, if such failure remains uncorrected during the “cure period” which is the last day of the calendar quarter following the calendar quarter in which the failure occurred.

Any breach of warranty, misrepresentation or inaccuracy made by the borrower in connection with the request for the loan or the collateral or in any other respect which the Employer deems to be material.

Any material adverse change or any diminution in value of the collateral or any adverse change affecting the condition of the collateral, including, but not limited to, revocation of the payroll deduction election.

Termination of borrower's employment with Employer.

Bankruptcy of the borrower or the appointment of a receiver with respect to the borrower.

Consequences of Default:

If the default is a failure to make timely payment, the Employer shall give notice to the borrower to correct the default within the cure period. If the borrower fails to make timely correction, then the Employer shall foreclose on the borrower's benefit(s) which secures the loan in accordance with the following:

If at the end of the cure period, the borrower is entitled to a distribution from the Plan either because of termination of employment with the Employer or an in-service distribution after attainment of age 59½, the unpaid balance of principal and interest of the delinquent loan shall be offset against the borrower's benefit(s) and constitute an in-service distribution.

If at the end of the cure period, the borrower has not incurred a distribution event, then the offset procedure set forth above shall not be instituted and no further action shall be taken with respect thereto until the borrower has attained age 59½, terminated service, died, or has any other distributable event under the terms of the Plan. At that time the borrower's account(s) shall be offset and foreclosure of the loan deemed completed.

If a borrower's loan fails to meet the requirements specified in IRC §72(p), then such loan shall become a deemed distribution. This normally will occur when a borrower's loan is not repaid in accordance with its terms and it is not possible to foreclose on the security as described above. If this occurs, then immediately following the end of the cure period, the outstanding balance of the loan shall become taxable as if it had been distributed, and a Form 1099-R will be issued by the Employer to the borrower.

This Note shall be governed by, construed under, and enforced in accordance with the laws of the State of _____ to the extent not pre-empted by applicable federal law.

I understand that the total amount due and payable shall include a Loan Origination Fee of \$_____ which shall be deducted from my _____ Account in the same manner as the amount borrowed

Borrower (type name)

Date