

CATIC FINANCIAL, INC. 401(K) PLAN

PARTICIPANT LOAN PROGRAM

CATIC Financial, Inc. 401(K) Plan permits loans to be made to Participants and their beneficiaries. However, before any loan is made, the Plan requires that a written loan program be established which sets forth the rules and guidelines for making Participant loans. This document shall serve as the required written loan program. In addition, the Administrator may use this document to serve as, or supplement, any required notice of the loan program to Participants and their beneficiaries. All references to Participants in this loan program shall only include Participants and their Beneficiaries or any alternate payee with respect to the Plan. Furthermore, it shall only include those individuals to the extent they are "parties in interest" as defined by ERISA Section 3(14).

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

1. Loan application. 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 Administrator within a reasonable time after the Participant applies for the loan. The Participant will be required to provide any supporting information deemed necessary by the Administrator.

2. Loan limitations and rules. The 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 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) shall apply, in addition to such other requirements set forth in the Plan:

- a. No loan in an amount less than \$1,000 will be granted to any Participant.
- b. A Participant can only have (1) one loan(s) currently outstanding from the Plan.
- c. All loans made pursuant to this program 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 Plan also will charge that portion of the Participant's account balances with expenses directly related to the origination, maintenance and collection of the note.
- d. Loan refinancing is permitted.

3. Account restrictions. Loans may be made from any of the Participant's accounts in the Plan.

4. Evidence and terms of loan. The 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 program will bear an interest rate equal to 1% above the prime rate. The interest rate will be fixed for the duration of the loan.

The loan must provide at least quarterly payments under a level amortization schedule. Generally, the Administrator will require that the Participant repay the loan by agreeing to payroll deduction.

The Administrator will fix the term for repayment of any loan, however, in no instance may the term of repayment be greater than five years, 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.

Unless the Participant is a "party in interest" on the day after his or her termination of employment with the Employer, a loan becomes due and payable when the Participant terminates employment with the Employer unless directly rolled over (if otherwise permitted) to another employer's plan.

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.

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.

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5. **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 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. Generally, 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. However, if additional security is necessary to adequately secure the loan, then the Administrator will require that such security be provided before the loan will be granted.

6. **Form of pledge.** The pledge and assignment of a Participant's account balances will be in the form prescribed by the Administrator.

7. **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 shall suspend loan repayments until the Participant's completion of military service. The Employer will provide the Participant with a written explanation of the effect of the Participant's military service upon his or her Plan loan. While the Participant is on active duty in the United States military, the interest rate on the loan shall not exceed six percent (6%), compounded annually.

8. **Leave of absence/suspension of payment.** The 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. The Administrator will provide the Participant with a written explanation of the effect of the leave of absence upon his or her Plan loan.

9. **Payments after leave of absence.** When payments resume following a payment suspension in connection with a leave of absence authorized in 7 or 8 above, the Participant shall select one of the following methods to repay the loan, plus accumulated interest:

a. The Participant shall 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.

b. The Participant shall 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.

c. The Participant may extend the maturity of the loan and reamortize the payments over the remaining term of the loan. In no event shall 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 leave of absence described in item 8 above, the revised term of the loan shall not exceed the maximum term permitted under item 4 above. In the case of a leave of absence described in item 7 above, the revised term of the loan shall not exceed the maximum term permitted under item 4 above, augmented by the time the Participant was actually in United States military service.

10. **Default.** The Administrator will treat a loan in default if:

a. 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; or

b. the Participant makes or furnishes any false representation or statement to the Plan.

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 Administrator will offset the Participant's vested account balances by the outstanding balance of the loan to the extent permitted by law. The 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.

ADOPTION OF LOAN PROGRAM

The Administrator of CATIC Financial, Inc. 401(K) Plan adopts this Loan Program on the date specified below.

Date: January 1, 2015

By: Debra Segreto
Administrator