PARTICIPANT LOAN PROGRAM

DEXTER COMMUNITY SCHOOLS 403(B) PLAN

The Plan Administrator is authorized to administer the Participant Loan Program. The Plan Administrator may modify this program from time to time or may terminate the Participant Loan Program. The Plan Administrator has discretion to interpret the provisions of this loan program. The Plan Administrator's decisions regarding the application or interpretation of this loan program are final and binding on Participants. All applications for loans shall be made by a Participant to the Plan Administrator on forms which the Plan Administrator will make available for such purpose. The Plan Administrator will administer any Participant loan as a Participant directed-investment.

Any request for a loan will be administered as set forth in the following guidelines:

1. **Eligible Participants.** Only Participants who are active Employees and who are parties-in-interest with respect to the Plan and Trust as defined in Section 3(14) of ERISA are eligible to make a Participant loan.

2. **Application Procedure.** Any Participant who is a party-in-interest with respect to the Plan and Trust may apply for a loan by:

   (a) requesting a loan via the Internet, if this service is available.

   (b) completing and returning to the Plan Administrator a Loan Application.

3. **Basis for Approval.** The request for a loan shall be reviewed in light of the standards set forth in the Plan and this Participant Loan Program. If the applicant meets such criteria, the Loan Application will be approved. If the applicant does not meet such criteria, the Loan Application will be denied.

4. **Interest Rate Determination.** The rate of interest to be paid by the Participant must be commensurate with the rate of interest charged on similar commercial loans by persons or institutions in the business of lending money in the same geographic area as the Employer.

5. **Loan Limitations.** The following limitations will be applied to each Participant Loan Application:

   (a) Each loan shall be for a minimum amount of $1,000.

   (b) A Participant may have a maximum of 1 loan outstanding at any time.

   (c) The maximum amount of a loan shall be the lesser of 1) 50% of the Participant's Vested Account Balance or 2) $50,000. Such $50,000 maximum shall be reduced by the highest outstanding loan balance attributable to the Participant during the 12-month period immediately prior to the new loan application date.

   (d) Each loan shall be repaid in equal installments of principal and interest over a period to be determined by the Plan Administrator, but such period shall not exceed 5 years unless the purpose of the loan is for the purchase of the principal residence of the Participant in which case the repayment period shall not exceed 10 years.

   (e) All loan installment payments must be made through Employer payroll deduction with equal installments made each pay period.

6. **Security for Loan.** The Participant's vested account balance under the Plan (but not in excess of 50% of such vested account balance at the time the loan is issued) shall be pledged as collateral for the loan.

7. **Payment Acceleration.** The loan may be prepaid in full without penalty at anytime; however, partial payoffs are not permitted. Additional payments must be submitted to the Employer. Multiple repayments are applied as principal and interest and only serve to advance the loan on the repayment schedule.

8. **Leave of Absence.** If a Participant should take a leave of absence approved by the Employer while the Participant has an outstanding loan balance, the Plan Administrator may, in his sole discretion, suspend the loan payments for a period not to exceed the earlier of 1) 12 months from the date the leave of absence commenced or 2) the date the Participant returns to work. If loan payments are suspended during such period, the interest will be accrued and added to the outstanding loan balance. If the Participant returns to work within 12 months, at the Participant's discretion, the outstanding loan plus accrued interest shall be handled in one of the following methods:

   (a) 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) Keep the same installment amount and make a balloon payment at the conclusion of the term of the loan; or

   (c) Extend the period of the loan repayment to the maximum period allowed by law and re-amortize the outstanding balance and accrued interest over that period. The extended period is not to exceed the repayment period specified in Item 5(e) above based on the origination date of the loan.

   If a Participant separates from service (or takes a leave of absence) from the Employer because of service in United States military and does not receive a distribution of his account balance, loan repayments shall be suspended until the earlier of the Participant's completion of military service or the Participant's fifth anniversary of commencement of military service.

9. **Plan Termination.** If the Plan terminates, an outstanding loan becomes due and payable on the date of Plan termination, unless the Participant rolls the outstanding loan directly to another qualified Plan.

10. **Loan Default.** A loan will be in default as of the last day of the calendar quarter following the calendar quarter in which an unpaid installment payment was due. If the missed installment payment(s) plus interest are paid in full to the Plan before the loan is declared in default, then the loan shall not be in default. The loan may be paid in full through your Employer or by certified funds (personal checks are not accepted). To the extent permitted by law, the Participant's vested account balance may be offset by the outstanding balance of the loan.

The following are among the events that will cause the loan repayment to be accelerated, and if not fully repaid by the last day of the calendar quarter following the calendar quarter in which the event occurs, the loan will be declared in default:

(a) The death of the Participant.

(b) The Participant's compensation is reduced below the amount necessary to fund the required installment payments.

(c) The Participant attempts to revoke the payroll deduction election required for the loan installment payments.

(d) Termination of employment.

Prior to the date of default described above, the Participant may bring the loan current by paying the missed payments plus accrued interest. The loan may be paid in full by certified funds (personal checks are not accepted). Upon a loan default, the Participant will incur a taxable deemed distribution, but the Plan will not offset (reduce) the Participant's account to discharge the loan unless the Participant also has incurred a distributable event under the Plan. The Plan treats a loan default as a distributable event except where based on the type of account used as collateral for the loan, a separate distribution event such as separation from service would be required to offset the loan at the time of default. The Plan Administrator will report the Participant's deemed distribution to the IRS. The Plan Administrator, upon the Participant's incurring a distributable event, will offset the Participant's vested account balance by the outstanding balance of the loan. The Plan 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. To the extent a loan in default is considered a deemed distribution, interest will continue to accrue on the outstanding balance of the loan. In this situation, the Participant may be prevented from taking an additional loan or if additional loans are permitted, may have the maximum amount of the new loan reduced by the outstanding value of the defaulted loan plus accrued interest thereon.

Any Participant who has a known outstanding loan that has been treated as a deemed distribution (defaulted loan) is not eligible for an additional loan until the existing loan obligation has been repaid or deducted from the Participant's account as an offset distribution.

Notwithstanding the above, if a loan offset occurs on a loan that has not previously been reported as a deemed distribution (i.e., the offset event is triggering taxation of the loan, rather than a prior deemed distribution under §72(p)), then the offset is reported as part of the gross distribution. To avoid default, the Participant loan may be rolled over directly to another eligible retirement plan. The note representing the Participant loan that is rolled over avoids the triggering of a loan offset.

11. **Expenses.** The Employer reserves the right to pass on administrative expenses with regard to the origination and administration of the loan. See the Plan Administrator for further information. If the Plan Administrator, in the exercise of his fiduciary duty, determines that a modification of any fees or fee schedules is appropriate, those modifications will be disclosed prior to the date they take effect.

This Loan Program is effective July 1, 2019.