Regional University System of Oklahoma
403(b) Plan Level Loan Policy
Effective January 1st, 2012

Participants in the Regional University System of Oklahoma 403(b) Plan may be permitted to borrow from their vested account under the Plan. This document details the loan policy pursuant to the terms of the Plan as adopted by the Plan Administrator. The terms of this separate loan policy ("Loan Policy") will control over the terms of this Plan with respect to the administration of any Participant loans. This Loan Policy shall be administered in accordance with the requirements under Code §72(p) and the regulations there under.

A Participant may have 2 loans outstanding at any time. Prior to January 1st, 2012, 7 loans were permitted. A participant who has more than 2 loans outstanding as of December 31st, 2011, will be permitted to pay those loans at the previously determined amortization schedule. However, no additional loans will be issued after December 31st, 2011, that cause a participant to exceed 2 loans. If an employee exceeds the 2 loan limit after January 1st, 2012, the plan participant must repay the plan loan that exceeded the limits as specified in the terms of this loan policy within 30 days of the loan disbursement. If the plan participant fails to repay the excess loan taken in full within 30 days, that amount will become a distribution from the plan reportable to the IRS. If the plan participant is not at least 55½ years old, this amount will be considered an early distribution, which results in income taxes plus a 10 percent early withdrawal tax penalty.

LOAN PROCEDURES

Eligibility

Any Plan participant who is currently participating in the Plan as an active employee may apply for a loan from the Plan. To receive a Participant loan, a Participant must sign a promissory note along with a pledge or assignment of the portion of the Account Balance used for security on the loan. The loan will be evidenced by a legally enforceable agreement which specifies the amount and term of the loan, and the repayment schedule.

In determining whether to grant a loan, however, the Investment Vendor may apply such criteria, in a uniform and nondiscriminatory manner, any reasonable factors which it deems relevant. Such criteria may include, but need not be limited to, the creditworthiness of the participant and the participant’s general ability to repay the loan, as well as the period such participant has been employed by the Plan Administrator. However, in all events, a participant may be denied future loans if any previous loan is or has been in default. In addition, a loan request made during the time a decision concerning a domestic relations order is pending shall be delayed until after such determination is final.

Documentation

A participant must apply, in writing, for a loan on such forms as the Investment Vendor may require. The loan application must specify the amount of the loan desired, and the requested duration of the loan. If a loan is approved by the Investment Vendor, the participant must execute a promissory note provided by the Investment Vendor. If the participant is married, the participant’s spouse must also consent, in writing, in the presence of a notary public, to the loan on such forms as the Investment Vendor may require. The participant’s spouse’s consent must agree to the irrevocable pledge and assignment of the participant’s vested interest under the Plan pledged as security for the loan.
SOURCE OF LOAN

Funds

A participant may borrow funds from the following sources:

- a Participant’s voluntary contributions
- Rollover contributions
- Other transferred monies for which an account balance is maintained and/or
- a Participant’s vested employer contributions

Investment Vendors - Loan Availability

The Plan Administrator shall maintain a list of all Vendors under the Plan. Such list is hereby incorporated as part of this Loan Policy.

Attached to this Loan Policy is a list of Investment Vendors permitting loans listed by institution. Investment Vendors listed for which loan availability exists are those Investment Vendors who have agreed to information share and provide contract loans by using the Lincoln Financial Group Proactive Transaction Monitoring (PTM) and Unifier systems.

INFORMATION COORDINATION CONCERNING 403(b) LOANS

For the purposes of this Loan Policy, if the Participant is or has been a participant in one or more other plans under section 403(b) of the Code, then this Plan and all such other plans shall be considered as one plan for purposes of applying the foregoing limitations. For this purpose the Plan Administrator shall take into account any other such plan maintained by any related employer and shall also take into account any other such plan for which the Plan Administrator receives from the Participant sufficient information concerning his or her participant in such other plan.

Each Investment Vendor is responsible for all information reporting and tax withholding required by applicable federal and state law in connection with distributions and loans. To minimize the instances in which Participants have taxable income as a result of loans from the Plan, the Plan Administrator shall take such steps as may be appropriate to coordinate the limitations on loans as set forth in this loan policy, including the collection of the information from the Investment Vendors, and transmission of information requested by any Investment Vendor, concerning the outstanding balance of any loans made to a Participant under the Plan or any other plan of the Plan Administrator. The Plan Administrator shall also take such steps as may be appropriate to collect information from Investment Vendors and transmission of information to any Investment Vendors, concerning any failure by a Participant to repay timely any loans made to a Participant under the Plan or any other plan of the Plan Administrator.

PARTICIPANT FEES

Any fees associated with loan disbursement shall be determined by the Investment Vendor and paid by the Plan Participant.

PURPOSE OF LOAN

A loan may be made to a participant for any purpose.

LIMITATIONS ON LOAN AMOUNT

Loan Minimum

The minimum loan amount is $1,000
Loan Maximum

No loan, or combination of loans, may exceed the lesser of (1) or (2), as follows, from all Plans of the Plan Administrator.

(1) one half of the value of the Participant's vested Account Balance (as of the valuation date immediately preceding the date on which such loan is approved by the Investment Vendor).

(2) $50,000, reduced by the greater of (a) the outstanding balance on any loan from the Plan to the Participant on the date the loan is made or (b) the highest outstanding balance on loans from the Plan to the Participant during the one-year period ending on the date before the date the loan is approved by the Plan Administrator (not taking into account any payments made during such one-year period).

NUMBER OF LOANS OUTSTANDING

Effective January 1st, 2012, a participant may not have more than 2 outstanding loans from the Plan at any given time. A participant who has more than 2 loans outstanding as of December 31st, 2011, will be permitted to pay those loans at the previously determined amortization schedule. However, no additional loans will be issued after December 31st, 2011, that causes a participant to exceed 2 loans.

TERMS OF LOAN

Collateral

All loans under the Plan will be secured by at least fifty percent (50%) of the participant's vested benefit under the Plan measured at the time the loan is granted. No other collateral will be accepted under the Plan.

Loan Repayment:

- **Period:** The term of repayment may not be greater than (5) five years unless the loan qualifies a residential mortgage loan, in which case the loan must be repayable within fifteen (15) years. A "residential mortgage loan" is a loan used to acquire a residential dwelling unit, such as a house, apartment, condominium, or mobile home (not used as a transient basis) which is used or is to be used within a reasonable time as the principal residence of the participant, and for which adequate security will include a mortgage lien on such residential dwelling unit.

- **Manner:** All loans will be repaid through a home billing system facilitated by the Investment Vendor. Level payments of both principal and interest will be billed on a monthly basis. If a participant who is employed by the Plan Administrator terminates employment with an outstanding loan, the loan will continue to be repaid through a home billing system until such time that the loan is repaid in full.

Interest Rate

Loans must bear interest at the same rate that a third-party lender would charge for a comparable loan. The interest rate will be determined by the Investment Vendor, and the Plan Administrator will periodically review its interest rate assumptions to ensure the interest rate charged on Participant loans is reasonable.

Early Repayment

Early repayment of the outstanding loan may be made at any time in either full or partial repayments of the outstanding loan balance.
Termination of Employment

Upon termination of employment loan payments will continue on a home billing system up until such time the loan is repaid in full.

Approved Leave of Absence

If a participant in an employer-approved leave of absence also has a loan outstanding at the time the leave is taken, the participant is eligible to suspend repayments under the loan during all or a part of the leave. This suspension is available only in the case of a participant on leave of absence without pay or at a rate of pay (after income and employment tax withholding) that is less than the required loan repayment installments. In such case, repayment may be extended for a period, not longer than one year, or the period otherwise required for qualified military service, if longer, that a participant is on leave of absence. However, the loan must nevertheless generally be repaid by the latest date permitted under the law, that is, generally within five (5) years, and the installments due after the leave ends (or, if earlier, after the first year of the leave) must not be less than those required under the terms of the original loan. This means that after the close of the suspension period, the amount of the installment payments will be increased to ensure that the maximum repayment period does not exceed five (5) years. However, an extension of the repayment period may be available where the leave of absence is for military service.

LOAN OFFSET AND DEFAULT

Loan Offset

If a participant has an outstanding balance remaining on a loan, and the participant (or the participant’s spouse or beneficiary) is entitled to a payment from the Plan before the loan is repaid in full, the Plan Administrator will offset at the time of distribution the unpaid loan balance (including accrued interest) from the total amount otherwise due.

Loan Defaults

In the event a participant fails to comply with the terms and conditions of the promissory note, including timely repayment, the participant will be in default. A default will not be declared by the Plan, however, until the participant has been given written notice and an opportunity to solve the problem. If the defect is not solved by the end of the grace period, the entire balance of the unpaid loan will be declared to be in default. The grace period will end on the last day of the calendar quarter following the calendar quarter in which the required installment was due. The participant must repay all required installments, including interest, before the end of the grace period in order to avoid having the loan declared in default.

In the event of a default, the unpaid loan amount will be deemed currently taxable. If the participant is under the age of 59 1/2, then, in addition to incurring federal, state, and if applicable, local taxes, the participant will also be subject to an additional 10 percent excise tax. In addition, the Participant will not be eligible to initiate any further loan disbursements.

Direct Rollover

Upon termination of employment, a Participant may not request a Direct Rollover of the loan note unless allowed by the Investment Vendor.

Loan Renegotiation

A Participant may not renegotiate the terms of the loan at any time.
QUESTIONS

Any questions regarding the administration of the Plan's loan program should be addressed to:

Name: Beth Left, RUSO Benefit Coordinator
Address: UCO 100 N. University Drive Edmond, OK 73034
Phone: 405-974-2663
Fax: 405-974-3827
Email: blasts@uco.edu

EXECUTION

Adopted this 21st day of December, 2011.

[Signature of Authorized Plan Administrator]
LIST OF INVESTMENT VENDORS PERMITTING LOANS BY INSTITUTION

"Investment Vendors" are those Investment Vendors who have agreed to information share and provide contract loans by using Proactive Transaction Monitoring and Unifier Systems

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