Loan Administration Policy

Plan Name: RUSO-001-Regional University System of Oklahoma 403(b) Plan

Effective Date: Jan 1, 2013 (mm/dd/yyyy)

General

Plan loans can be initiated by all:

(Select one)

☒ Actively employed participants
☐ Participants regardless of employment status

The following are guidelines associated with administering the loan provisions of the above plan. Any discrepancy between these guidelines and the Plan Document will be governed by the Plan Document. Except as otherwise specified, these guidelines apply to loans initiated through the Lincoln Alliance® program only, serviced by Lincoln Retirement Services Company, LLC (LRSC) - not to loans granted or administered through other vendors’ contracts or investment vehicles.

Loan instructions

Participant’s responsibilities:

• In order for the loan to be processed, the participant must initiate the loan request online at www.LincolnFinancial.com. The participant shall be prompted to review the Loan Application paperwork which includes: the Loan Application, Loan Disclosure Statement, the Promissory Note and Security Agreement, and the Wage Deduction Authorization, if applicable. The participant will need to click the verification box online which will indicate that they accept the stipulations described in the loan paperwork. If the plan requires spousal signature, the participant will need to print and sign the necessary forms and obtain his/her spouse’s signature/consent. Online e-signature will not be available to participants if spousal signature is required."

• Qualified Joint and Survivor Annuity (QJSA) applies? ☐ Yes ☒ No

• QJSA does not apply; however, spousal consent to request a plan loan is required:

  Note: If the plan has a Qualified Joint and Survivor Annuity as its normal form of benefit, spousal consent is required.
  (Select one)

☒ Yes
☐ No
Loan authorization responsibilities

• If loan paperwork is not completed and returned within 45 days from the day it was requested, the loan request will expire and a new loan will need to be requested *(does not apply to paperless)*.

<table>
<thead>
<tr>
<th>Approval step</th>
<th>LRSC</th>
<th>Plan sponsor</th>
<th>Other:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Verification Review</td>
<td>X</td>
<td></td>
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</tr>
<tr>
<td>2. 403(b) Checklist (Multi-Vendor)</td>
<td></td>
<td></td>
<td>N/A - Lincoln is the only vendor authorized to issue loans</td>
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<tr>
<td>3. Processing Instruction</td>
<td>X</td>
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</tr>
</tbody>
</table>

1. Verification Review - Loan paperwork is sent/received by the party responsible for ensuring the paperwork is completed, signed, and any attachments such as home purchase agreement is included and completed.
2. 403(b) Checklist (Multi-Vendor) - Ensure the number of loans and loan dollar limit has not exceeded across all vendors and the loan is allowed.
3. Processing Instruction - Allow, deny, or cancel the loan assuming that all paperwork is in good order and if applicable, the 403(b) checklist (multi-vendor) is completed.

Please reference the administrative manual for the details on the approval parties listed above.

Once received, all loan application paperwork shall be reviewed and approved or denied by the party selected above. If plan sponsor directs LRSC to perform the ministerial function of approving loans, LRSC will follow the review and processing steps as described in the administration manual.

Upon final approval, the loan interest rate will be the applicable rate listed below at the time the loan was requested.

• The loan interest rate will be determined as the first day of the calendar quarter:

  *(Note: The interest rate shall be adjusted by LRSC based on the schedule below.)*

  ☒ The rate shall be based on the quarterly prime interest rate adjusted by 1 %

  ☐ The rate shall be ________ %

Loan restrictions

• Plan loans may be granted for the following reasons:

  *(Select all that apply)*

  ☒ General purpose

  ☒ Residence (purchase of a primary residence)

  ☐ Hardship reasons only:

    *(Select one)*

    ☐ Safe Harbor hardship reason

    ☐ Facts and circumstances hardship reasons

    *(The Plan Sponsor/Administrator shall approve based on its policy in determining whether a hardship meets the appropriate facts and circumstances.)*

• The minimum loan amount is:

  *(Select one)*

  ☐ $500  ☒ $1,000  ☐ Other __________ (Cannot be greater than $1,000 if the Plan is ERISA)
• The maximum loan amount outstanding across all plans of the employer is the lesser of:
  (a) $50,000 (reduced by the excess, if any, of the participant’s highest outstanding balance of loans from the plan during the one-year period ending on the day before the date on which such loan is made, over the participant’s outstanding balance of loans from the plan as of the date such loan is made) or
  (b) 50% of the participant’s vested Account Balance.

☐ If the plan is NOT subject to ERISA, the plan will allow a participant a loan of their entire vested account balance up to $10,000.

• The maximum number of loans outstanding for a participant under the Plan as directed in the plan document is:
  (Select one)
  ☒ One  ☐ Two  ☐ Three  ☐ Other ____________

  *Note: The employer is responsible for notifying other vendors of this limit and making sure that any non-Lincoln investment vehicle modifies its loan policy accordingly.*

• The loan minimum payment period is one (1) month.

• The general loan maximum payment period is five (5) years.

• The primary residence loan maximum payment period in years is:
  (Select one)
  ☐ Ten years  ☒ Fifteen years  ☐ Twenty years  ☐ Other ____________

• LRSC will process loans daily. Monies will be withdrawn to fund the loan on a pro-rata basis across all investment options, subject to the limitations of the Lincoln Group Fixed Annuity, if applicable.

• The plan will accept takeover loans. However, loans that are considered policy loans under annuity contract will not be accepted, nor will in-kind transfer of loans via rollover be accepted.

• Loans with a balance of $10 or less may be discharged by the plan sponsor/administrator.

• The plan sponsor/administrator has the authority to amend, modify or cancel this loan policy at any time. The plan sponsor/administrator also may adopt any reasonable procedures necessary to properly administer the loan policy in a non-discriminatory way.

• The participant must pledge his/her vested account balance as collateral for the loan.

• A $75 _______ processing fee and a $25 _______ annual maintenance fee will apply.

• The loan is due and immediately payable if a:
  - Final distribution to the participant is made as a result of or after a participant’s termination of employment for any reason, including death, unless the loan is included in an eligible rollover into another qualified plan.
  - Qualified Domestic Relations Order (QDRO) requires a distribution greater than a participant’s vested account balance, offset by the remaining loan balance.
Loan amount determination

- Please note that loan amounts may be calculated and secured differently. For example, it may be possible to use all vested account balances when determining the available loan amount but only allow the loan to be secured from one account.

<table>
<thead>
<tr>
<th>Account</th>
<th>Calculate a loan</th>
<th>Secure a loan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rollover account <em>(if applicable)</em></td>
<td>☑</td>
<td>☑</td>
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<tr>
<td>Employee Contract Exchange account <em>(if applicable)</em></td>
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<tr>
<td>Employee Plan-to-Plan Transfer account <em>(if applicable)</em></td>
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<td>☑</td>
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<tr>
<td>Employer Contract Exchange account <em>(if applicable)</em></td>
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<tr>
<td>Employer Plan-to-Plan Transfer account <em>(if applicable)</em></td>
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<tr>
<td>Employer Non-Elective account <em>(if applicable)</em></td>
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<tr>
<td>Employer Matching account <em>(if applicable)</em></td>
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<tr>
<td>Salary Deferral account</td>
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<tr>
<td>Roth 403(b) account</td>
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<td>Roth 401(k) account</td>
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<tr>
<td>Roth 457(b) Governmental account</td>
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<td>Other account(s) Employer Discretionary</td>
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<td>Other account(s)</td>
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Please note: if the plan limits hardship withdrawals to the employee’s pretax account, then using the pretax account for loan purposes will limit future hardships.
Loan payments

• Loan payments are:

(Select one)

☐ Payroll deductions based on the employer’s payroll frequency.

– Allow terminated participants to make loan payments via ACH? ☒ Yes ☐ No

Note: The terminated participant must contact Lincoln and provide ACH information prior to their loan going to a defaulted status.

– Employer payroll frequencies for loan payments:

(Select all that apply)

☐ Weekly ☐ Bi-weekly ☐ Semi-monthly ☐ Monthly

Loan payments will begin 30 days from the loan approval date, unless otherwise indicated by the Employer/Plan Sponsor on the loan application paperwork.

☒ Loan payments for ACH deductions will be made by ACH from participant’s bank account. Late payment reminders and default notices will be issued as appropriate.

ACH payments will be allowed on the following frequencies:

(Select all that apply)

☐ Weekly ☐ Bi-weekly ☐ Semi-monthly ☒ Monthly ☒ Quarterly

NOTE: If you allow ACH deductions, the Plan Sponsor must complete a Loan Repayment ACH Debit Authorization Request.

• The appropriate loan processing fee will be paid by the:

(Select one)

☒ Participant and deducted from the loan proceeds check

☐ Plan Sponsor/administrator

• The appropriate annual maintenance fee will be paid by the:

(Select one)

☒ Participant, deducted from his/her account balance prorated quarterly

☐ Plan Sponsor/administrator, billed quarterly

• A participant with an outstanding loan may suspend loan payments for up to 12 months for any period during which the participant is (a) on an unpaid leave of absence or (b) on paid leave of absence, if the participant’s rate of pay during the paid leave of absence is less than the loan repayment amount. Upon the participant’s return from leave (or after the end of the 12-month period, if earlier), the participant’s outstanding loan will resume as follows:

– The outstanding loan balance will be re-amortized over the remaining loan schedule or, over a period that does not exceed the maximum repayment period allowed.

• Loan payments are not tax deductible.

• All loan payment principal and interest is posted to the participant’s account.

• If the loan payment or loan payoff is less than $25.00 over the outstanding loan balance, the amount will be processed as interest to the participant’s account pro-rated across the sources the loan came from. If the loan payment or loan payoff is equal to or greater than $25.00 over the loan payoff amount, LRSC will issue a check back to the participant for the excess amount.

• Loan payments are posted to the participants account and investment options based on current investment elections and the accounts in which they are drawn from.

• Loans will not be re-amortized except for provisions related to leave of absence or a military leave.
• Does Plan allow participants to make additional payments? ☑ Yes □ No

• If participants are allowed to make additional payments, they may do so as follows:
  - Payments may be submitted with written instruction to apply the excess as a pre-payment of principal.
  - Payments received without written instruction will be applied as whole, multiple payments. After applying whole
    payment amounts, any amount left that is less than a whole payment will be applied first to interest and then to
    principal to the next outstanding payment.

• Outstanding loan balances may be paid in full at any time.

Loan defaults

• A loan default occurs when a loan payment is not received by the end of the cure period. The cure period expires ___
  days after the loan payment was due.
  ~ Loan defaults will be processed as elected below:
    (Select one)
    □ The plan sponsor/administrator communicates to LRSC that the loan is in default.
    ☑ The plan sponsor hereby directs LRSC to process as “defaulted” any loan for which the participant has failed to
     pay all scheduled payments within 90 days of the due date ("cure period").

• After LRSC processes a default, the defaulted amount (remaining principal balance plus the interest accrued up to the
  loan’s default date) will be reported on Form 1099-R to the participant and to the Internal Revenue Service as a taxable
  event for the year in which the default occurred. The Form 1099-R will be issued by January 31 of the following year.

• A participant may pay off a defaulted loan by making a payment of the amount defaulted plus interest that has accrued
  through the date of the repayment. The repayment of a defaulted loan will be recordkept as an after-tax repayment
  (creates basis in the plan).

• After a defaulted loan is paid off, the participant may request a new loan. If a participant has not paid off a defaulted
  loan, they may request a new loan if the plan allows for loans after default and if the new loan payments are made via
  payroll deductions.

• A loan that has been defaulted, but not offset, is considered an outstanding loan.

• The defaulted loan will be offset when the participant meets a distributable event.
Military service exceptions

- If a participant is in "military service" while he/she has an outstanding participant loan, the applicable interest charged on such loan during the period while the participant is in "military service" will not exceed 6% per year provided the participant provides written notice and a copy of his/her call-up or extension orders to the Plan sponsor/administrator within 180 days following the participant’s termination or release from "military service." For this purpose, "military service" is as defined in the Soldier’s and Sailor’s Civil Relief Act of 1940 as modified by the Service Members Civil Relief Act of 2003. The participant may voluntarily waive this 6% interest limitation and the Plan sponsor/administrator may petition the court to retain the original interest rate if the ability to repay is not affected by the participant’s military leave, without regard to the five (5) year maximum loan repayment period.

- A participant with an outstanding participant loan also may suspend loan payments for any period such participant is on military leave. Upon the participant’s return from military leave (or the expiration of five years from the date the participant began his/her military leave, if earlier), loan payments will recommence under the amortization schedule in effect prior to the participant’s military leave.

- The interest rate for loans to participants on military leave cannot exceed 6% in accordance with the Soldiers and Sailors Civil Relief Act (GSCRA).

Signatures

By signing below, you certify that you have read, understand and agree to this loan policy and the selections made.

Plan Administrator/Plan Sponsor Signature

Date 12/4/12