



PHI 401(k) Retirement Plan Loan Rules

This is an explanation of the rules for taking a personal loan from your account under the plan. All loans are made strictly in accordance with the provisions of the plan and in accordance with the rules set forth by the Plan Administrator. In the case of any item not covered by this explanation, or in the event of any conflict between this explanation and the plan, the plan document always will control.

1. Amount You Can Borrow

The amount of any loan made to you must be a minimum of \$1,000. In addition, the amount of any loan may not exceed the lesser of:

- (A) 50% of your vested account balance; or
- (B) \$50,000, reduced by the highest outstanding balance of all plan loans to you during the one year period ending the day before the loan is initiated or

2. Period, Frequency, and Repayment

Period

The repayment period for a loan may not exceed 60 months, unless the loan request is for the purchase of a primary residence thereby extending the loan term to a maximum of 120 months.

Frequency and Repayment

Repayments will be withheld from each regular paycheck you receive according to your loan repayment schedule until all principal and interest due is paid.

3. Loan Approval and Authorization

Generally, a loan will be granted if it meets all of the requirements set forth in these Loan Rules. Your signature on the back of the loan check will authorize your company to deduct loan payments from your paycheck as outlined in the paperwork accompanying or preceding your check.

4. Interest Rates

Your loan will be a reasonable rate of interest as determined by the Plan Administrator at the time your loan is made. The rate will be the prime rate, as reported the first business day of each month in the Wall Street Journal, plus two percent.

5. When Loans Can Be Taken

Number of Loans

No more than one loan may be outstanding at any time. If you currently have one outstanding loan, you will not be able to take a new loan until you have paid off your current outstanding loan.

Personal Loans

You may model and /or apply for a personal loan at any time by calling the Retirement Plan Information Line. If you are eligible for a loan, your loan request will generally be processed within 7 – 10 business days of the request. No application is required for personal loans.

Residential Loans

If you are requesting a residential loan, you will be required to complete an application and return it to Human Resources. Applications for residential loans are available from the Retirement Plan Information Line. Generally your loan will be disbursed to you within 7-10 business days of receipt of the approved residential loan application from Human Resources.

6. Security For Your Loan

Your loan will be secured by a pledge of not more than 50% of your vested account balance.

7. Recordkeeping Fees

A loan initiation fee of \$35 is required for each new loan that is requested. This fee will be deducted from your account when your loan is processed. An additional \$12 will be assessed annually for outstanding loans (\$3 charged quarterly against your account).

8. Accelerated Loan Repayments

Loans may be repaid in full ahead of schedule at any time and without penalty; however, partial prepayments are not permitted. A prepayment must be made by check and made payable to "PHI 401(k) Retirement Plan FBO [Your Name]" and include your Social Security Number on the check.

9. Default

If you fail to make a scheduled loan repayment on the date it is due, your loan will be considered in default. You will have 90 days to cancel the default by delivering a check for the payment to the PHI Human Resources Department. The check should be made payable to "PHI 401(k) Retirement Plan FBO [Your Name]" and include your Social Security Number on the check. If you do not cancel the default, the balance of the loan will become due and payable immediately. Any unpaid balance will be reported to you and to the Internal Revenue Service as a taxable distribution. This distribution may be taxable income to you and may be subject to tax penalties for early distribution.

10. Termination of Employment

If you terminate employment, and have an outstanding loan, you may:

- (A) repay the loan in full within 90 days following your termination; or
- (B) have the loan balance remain unpaid and reported to you and to the Internal Revenue Service as a taxable distribution. This distribution may be taxable income to you and may be subject to tax penalties for early distribution

These terms also apply if you terminate and are eligible to and do elect to defer distribution of your account until a later date.

11. Leave of Absence

If you are granted an unpaid leave of absence for any reason, and have an outstanding loan, you may:

- (A) repay the loan in full at the time your leave begins; or
- (B) continue to make loan repayments, in accordance with the loan repayment schedule by delivering a check payable to "PHI 401(k) Retirement Plan FBO [Your Name]" to the PHI Human Resources Department. Be sure to include your Social Security Number on the check.
- (C) suspend loan repayments until you return from your leave (up to one year unless your leave is a military LOA). Your loan will be re-amortized upon your return.

If you do not make your scheduled repayments, the loan may be in default and the remaining balance will become due and payable and reportable as a taxable event.