

## **LOAN PROCEDURES**

### **HALO BRANDED SOLUTIONS, INC. 401(K) SAVINGS PLAN**

This document contains important information about the procedures for obtaining a loan from the Plan. The following rules shall apply to the loan program effective as of September 1, 2021:

**Procedure for Applying for a Loan** If you are an active Participant in the Halo Branded Solutions, Inc. 401(k) Savings Plan, you may apply for a loan from the Plan. In order to request a loan, please login to the StartRight website at [www.startright.bokf.com](http://www.startright.bokf.com) or contact a Participant Service Representative at 1-800-876-9557. All loan applications will be reviewed on a uniform and nondiscriminatory basis and your loan will be approved if it is determined the loan is adequately secured and meets the other requirements set out below.

**Administration of the Plan Loan Program** The Plan loan program is administered by the Plan Administrator.

**Promissory Note** If your loan is approved, a promissory note will be provided as part of the check you are issued. Your endorsement of the check for cash or deposit reflects your understanding and acceptance of the provisions of the promissory note.

**Type and Amount of Loan** The Plan does not restrict the purposes for which loans may be made. However, the Plan does set maximum and minimum limits on the amount of a loan.

**Accounts and/or Investments** Loans may be made for any reasonable purpose from all accounts.

**Maximum Amount of Loan** A loan cannot be greater than 50% of your vested account balance under the Plan. Additionally, the loan cannot exceed \$50,000 minus the difference between the highest outstanding balance of loans in the past 12 months and the outstanding balance of loans from the Plan on the date the loan is made.

**Minimum Loan Amount** The minimum loan amount is \$1,000.

**Maximum Number of Loans** The maximum number of loans outstanding at any one time is one (1).

**Interest Rate** According to U.S. Department of Labor Regulations, the interest rate for a participant loan from a retirement plan must be comparable to the current interest rates charged by financial institutions for similar loans. The interest that will apply on your loan will be National Prime Interest Rate plus two percent (2%) per year. However, you may qualify for a lower interest rate if you are on active duty in the military. If you are on active duty, please contact the Plan Administrator to determine whether you qualify for the lower interest rate.

**Collateral** Your vested account balance under the Plan will serve as collateral for the loan. However, a maximum of 50% of your vested account balance may be used as collateral.

**Repayment** Loans must be repaid over a period not extending beyond five years from the date of the loan, unless such loan is used to acquire a dwelling unit which within a reasonable time (determined at the time the loan is made) will be used as your principal residence. The maximum loan term for a principal residence loan is 15 years. You must repay a loan in accordance with the repayment schedule or you may make a full prepayment. Loan repayments shall be made each pay period. The loan will become payable in full on your termination of employment.

If you go on a leave of absence you may be able to suspend loan repayments. Unless your leave is because of service in the United States military, you may only suspend loan repayments for a period not exceeding one year. Please contact the Plan Administrator to determine whether your leave of absence qualifies.

When payments resume following a payment suspension in connection with an authorized leave of absence, 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 non-military leave of absence, the revised term of the loan shall not exceed the original maximum term permitted. In the case of a military leave of absence, the revised term of the loan shall not exceed the original maximum term permitted, augmented by the time the participant was actually in United States military service.

**Payroll Deduction** Payments will be made through payroll deduction every pay period. You are responsible for making certain that the employer is withholding the proper loan payments. If you determine that a loan payment has not been withheld, you must notify the employer and arrange for a make-up loan payment(s) by the end of the loan cure period (see "Default" below). If you do not make the missed loan payment(s) by the close of the cure period, the loan will be in default and you will be subject to adverse income tax consequences.

**Fees** The Plan will charge an initial loan processing fee which has been disclosed to you in the annual fee disclosures you received from the Plan.. This fee will be deducted from the proceeds of the loan.

**Default** Your loan will be in default if a scheduled payment is not made by the end of the "cure period." The "cure period" is the repayment period allowed by the Plan Administrator which will not extend beyond the last day of the calendar quarter following the calendar quarter during which the last scheduled installment payment was due and not paid. Upon default, the entire balance of the loan will be immediately due and the entire balance will be treated as a taxable distribution to you. Interest on the loan, however, will continue to accrue until you have a distributable event for purposes of determining any future loan availability. In addition, your vested account balance may be reduced by the amount of the outstanding principal and interest on the loan. In other cases, this offset will not occur until you are entitled to receive benefits (for example, upon your termination of employment).

**Coordination with Qualified Domestic Relations Orders ("QDROs")** No loan will be approved if the Plan Administrator is reviewing a domestic relations order that may affect your benefit under the Plan.

**Special Rules for Military Leave** If you are called into or volunteer for military service, special provisions may apply. You may request a loan suspension during your leave and choose from the following repayment methods upon your return to employment: (a) re-amortize the remaining loan balance; (b) repay all suspended loan payments at the end of your leave; or (c) continue payments under the prior rate and make a balloon payment at the end of the term. If you refinance the loan, you may extend the repayment period to the date that includes the latest date the loan repayment period could have been scheduled for (if the original term was less than five years) plus the period during which the loan was suspended. (See the note above regarding interest rates.)

To fully understand the potential tax consequences in the event of a loan default, you are encouraged to seek professional tax advice before requesting a loan.

As Plan Administrator, I hereby approve these loan procedures.

DocuSigned by:  
Signed: Stacey Sibley  
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Title: Director of Employee Relations

Date: 8/20/2021