

PROMISSORY NOTE
AND
SECURITY AGREEMENT
(AUL Prepares)

Name of Plan as Lender: **Demo Plan**

Loan Number: **001**

Employer Name: **Demo Plan**

Plan Administrator: **John Smith**

PARTICIPANT (Borrower) INFORMATION

NAME: **JOHN SMITH**

SOCIAL SECURITY NO.: *****-**-6789**

STREET ADDRESS: **P.O. BOX 123**

DATE OF BIRTH: **07/27/1971**

CITY, STATE, ZIP CODE: **SOMECITY, TX ,12345**

LOAN INFORMATION

LOAN AMOUNT: **16000.00**

LOAN EFFECTIVE DATE: **02/16/2005**

FIRST REPAYMENT DUE: **03/02/2005**

LAST REPAYMENT DUE: **01/10/2035**

REPAYMENT AMOUNT: **\$23.94**

REPAYMENT FREQUENCY: **WEEKLY**

ANNUAL INTEREST RATE: **6.750 %**

LOAN NUMBER: **001**

RIGHTS and AGREEMENTS

- A. Participant acknowledges receipt of a loan as described above from the above-named plan and agrees to repay principal and interest on this loan to the plan according to the terms defined.
- B. Participant authorizes the employer to deduct from compensation the amount necessary to make timely loan repayments until the loan is paid off.
- C. Prepayment: If you pay off the loan early (to the extent provided by the Loan Procedures), you will not have to pay a penalty.
- D. Participant pledges, as security for repayment of the loan, a portion of his or her vested interest in the retirement plan in an amount equal to the initial principal sum of the loan. Participant consents to the reduction of his or her interest in the retirement plan if the loan is in default and such reduction is for the purposes of satisfying this promissory note.
- E. Default shall include, but not be limited to,
 - 1. Nonpayment when due:
 - 2. Failure to maintain an automatic after-tax payroll deduction repayment arrangement, except for approved leaves of absence;
 - 3. A warranty or representation that is false or is believed to be false by the Plan Administrator;
 - 4. The death of the borrower;
 - 5. Borrower makes an assignment for the benefit of creditors, files a petition in bankruptcy, is adjudicated insolvent or bankrupt, or becomes a subject of any wage earner plan under the federal Bankruptcy Code as now or hereafter in effect or under any applicable state insolvency law;
 - 6. There is started against the borrower any bankruptcy, insolvency, or other similar proceeding which has not been dismissed by the 60th day after the date on which the proceeding was started, or the borrower consents to or approves of any such proceeding or the appointment of any receiver for the borrower or any substantial part of the borrowers property or the appointment of any such receiver is not discharged within 60 days;
 - 7. The required spousal consent (to the borrower's use of his or her accrued benefit in the Plan to secure the borrower's loan obligations) is revoked or otherwise becomes invalid or inoperative;
 - 8. Interruption of the borrower's status as a "party-in-interest" with respect to the Plan;
 - 9. Impairment of the value or priority of the security interest pledged by the borrower;
 - 10. Termination of employment (with the above-named employer) when the loan is not repaid in full, except for approved leaves of absence; and
 - 11. Expiration of an approved leave of absence when not re-employed.
- F. Upon default of the loan, termination of the retirement Plan, or termination of borrowers employment with the above-named employer, the entire unpaid balance of principal and interest shall become due and payable immediately upon demand by the lender.

- G. The lender may delay enforcing any of its rights under this note without losing such rights. Even if it does not enforce a right at one time, the lender may enforce such right at a later time.

Administrative Contact Signature

Date