

# Sample 401(k) Plan

## Assignment of Interest to Secure Repayment of Loan & Promissory Note

### Participant's Assignment

The undersigned is a participant in the above referenced plan and related trust (the "Plan"). The undersigned has borrowed from the Plan the principal amount indicated below and is indebted to the trustee of the Plan for such principal amount and interest thereon as evidenced by a Promissory Note of even date herewith ("Note"). To secure the repayment of the Note, the undersigned desires to assign 50% of the undersigned's non-forfeitable interest in the Plan as hereinafter provided.

**NOW, THEREFORE**, for a valuable consideration, the receipt of which is hereby acknowledged, the undersigned does hereby pledge, sell, assign and transfer unto the trustee of the Plan and grants to the trustee, its successors and assigns, a security interest in and to 50% of the undersigned's right, title, claim and interest under the Plan as security for the due and punctual payment of all installments of principal and interest due under the Note and all other sums payable pursuant to the Note and all other obligations and liabilities of the undersigned to the trustee attributable to the Note, whether now existing or hereafter created or arising.

The principal amount of the Note is: **\$1,000.00**

Participant Signature (signed electronically)

04/03/2021

Date

### Promissory Note – NOT NEGOTIABLE

**FOR VALUE RECEIVED**, the undersigned maker (who is the Participant) hereby promises to pay to the order of the trustee of the above referenced retirement plan and related trust (the "Plan") the principal amount of 1,000.00 together with interest on the unpaid principal amount at an interest rate of 4.25% per annum. Periodic payments shall be, in lawful money of the United States, withheld from the maker's period wage payments, with principal and interest payable on the dates indicated below (the "Due Dates") and in the installment amounts indicated below.

This Note is secured by a security interest in 50% of the maker's interest in the Plan pursuant to an Assignment of Interest of even date hereof, to which reference should be made for certain rights of the trustee and obligations of the maker.

If there is a default in the payment of principal and interest under this Note and in performance of the Assignment of Interest securing payment hereof, the maker promises to pay the holder's attorney fees, court costs and other reasonable expenses of collection or attempt to collect this Note or in enforcing the holder's rights in any collateral securing this Note, to the full extent allowed by law. The unpaid principal and interest under this Note shall be due and payable when and if the maker's employment by the employer sponsoring the Plan (or its related employers) ends.

This Note may be prepaid at any time, in whole or in part, without premium or penalty.

This Note is accepted in the City and State indicated below and shall be governed by the laws of such State.

The Due Dates are each: **Biweekly pay period beginning with the 4/3/2021 payroll**

The amount of each installment of principal and interest on each Due Date is: **26 payments of \$39.37 and 1 final payment of \$39.17**

The maker is responsible for making certain that the employer is withholding the proper loan payments. If the maker determines that a loan payment has not been withheld, the maker must notify the employer and arrange for a make-up loan payment(s) before a default occurs. If the maker does not make the missed loan payment(s) and a default occurs, the maker will be subject to adverse federal income tax consequences.

**IN WITNESS WHEREOF**, the maker has caused this Note to be executed on the day indicated below.

Signed electronically at: Lexington, KY  
City, State

Participant Signature (signed electronically)

Baker Bake

Print Name

04/30/2021

Date